

Charity Registration No. 249255 (England & Wales)

Company Registration No. 00037818 (England and Wales)



NATIONAL SHEEP ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



NATIONAL SHEEP ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr D Gregory Mr A Barr Mr J Blaney Mr M Credland Mrs M Dalton Mr A Foulds Mr B Griffiths Mrs S MacPherson Mr P Wozencraft Mr Evan Thomas (Appointed 4 May 2016) Mr C Lewis (Appointed 4 May 2016) Mr J Geldard (Appointed 4 May 2016) Ms A McFadzean (Appointed 3 May 2017)
Honorary President	The Duke of Montrose
Chief Executive	Mr P Stocker
Charity number	249255 (England & Wales) SCO42853 (Scotland)
Company number	00037818
Registered office	The Sheep Centre Blackmore Park Road MALVERN Worcestershire WR13 6PH
Auditors	Old Mill Audit LLP Wessex House Challemead Business Park MELKSHAM Wiltshire SN12 8BU
Bankers	Lloyds Bank PLC 48 Belle Vue Terrace MALVERN Worcestershire WR14 4QG
Solicitors	Roythornes 14 Park Row NOTTINGHAM NG1 6GR

NATIONAL SHEEP ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Investment advisors

Spiers & Jeffrey
George House
50 George Square
GLASGOW
G2 1EH

NATIONAL SHEEP ASSOCIATION

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NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees present their report and accounts for the year ended 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association dated 21 December 1892 as amended, the Companies Act 2006 and 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 2015).

Executive Summary

The important work of the National Sheep Association would be noticeably less effective without the literally hundreds of volunteer members who give their time freely for the benefit of fellow sheep farmers. These volunteers include the Association's Trustees, Chairmen, Treasurers, regional committees, ram sales committees, our English committee, and the two committees that support the Board of Trustees, Finance and General Purposes, and UK Policy and Technical. This may sound a complex structure but it results in the Association being driven from grass roots upwards – a unique and essential trait of the NSA. Additionally, there are many volunteers who help deliver our regional programme of sheep events. I would like to publicly state my gratitude to all these generous people who give their time to help and support their fellow sheep farmers. In addition, it is important to recognise our staff at HQ and in the regions who regularly go beyond the call of duty due to their interest in and passion for sheep farming. In paying gratitude to people who support our work I would like to pay a particular tribute to our Chairman Samuel Wharry who sadly and unexpectedly passed away on May 5th 2017. Samuel was due to stand down in January 2018 from the NSA Board and from his role as Chair, having been a Board member since 2012 and Chair since 2015, and the NSA is hugely grateful for all he brought to the Association and the world of sheep farming.

One of the main objectives of the Association, and an indicator of our success, is to increase membership. In 2016 we brought in 532 new members, which is an impressive result of many people's work. However, the net gain was marginal due to terminations and while there are many justifiable reasons why people leave, this is an area that is receiving increasing attention. The Association stood by its decision to raise membership subscriptions at the end of 2016 and notified members towards the end of the year. Encouragingly, by April 2017 we had seen no terminations as a direct result of fee increases. The investment in staffing and our work in order to support members and attract new members continues.

The NSA has proved effective in supporting all aspects of sheep farming, including large and medium scale upland and lowland commercial producers, pedigree breeders, part time sheep keepers, breed societies, and those with specific interests such as commons graziers. The Association works alongside other farming organisations to maximise the resources we have to ensure the sheep sector is provided with and represented by specialist views and practical information. A vital part of communicating this practical information is the NSA programme of Sheep Events, and there were four of these regional events in 2016. The effectiveness of these events was clearly demonstrated with a total of some 24,000 people through the gates. The host farmers played a crucial role and their support is highly valued and appreciated.

During the year we continued to work on many policy-related topics, across the UK and in each of our devolved nations. This work area increased significantly due to the EU referendum, both prior to the vote in order to engage members and provide them with information, and following the vote to leave to discuss and identify NSA positions and to start to communicate these to policy makers across the UK. Our policy work is wide ranging and includes many immediate subjects such as sheep movements reporting and identification, movement standstill periods, sheep worrying by dogs, and TSE controls and carcase splitting. NSA is also involved in longer term 'policy direction' work that frames future agricultural and environmental policy, such as the work the Association has done on steering support towards initiatives that raise sheep health and productivity, and work that identifies the benefits and generally creates a positive and attractive economic, environmental and social case for sheep farming. During the year we reproduced and launched our report on the role of sheep in upland and hill areas, and we produced a report on the wider consequences of the plans to release Eurasian Lynx into the wild in the UK. All of this is important work that benefits the entire sheep farming community, and the Association is conscious that we could do even more with additional resources. It is this aim that is behind our aspirations to grow our membership base.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

The Association is in a strong and influential position and is financially sound, but we need to continue to grow and invest if we are to meet the challenges and opportunities that the future brings. Our role has never been more important if sheep farming is to retain its highly valuable traditional nature while responding to the need to demonstrate efficiency and good environmental performance within an increasingly changing external environment.

The level of free reserves held by the Association at the 2016 year end amounted to £1,501,725 (2015 £905,266) of which £681,917 was represented by cash (2015 £710,941). There are also restricted funds of £64,950 (2015 £22,889).

Philip Stocker
NSA Chief Executive

Objectives and activities

Summary of Objectives

The NSA's Articles state the objects for the Association as: "To encourage and improve breeding, management and promotion of sheep as a species and as an activity in the United Kingdom 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 whose vested interests might affect beneficially or adversely the sheep industry. To this extent it engages in communication with representatives from various sectors including sheep health, welfare, genetic development, conservation and the environment, and supply chains. It is also involved on a regular basis in informing Government and non-Governmental organisations of the effect of their policies on the sheep sector. We promote the principle of a supportive policy and regulatory regime that will allow the industry to thrive and sheep and sheep farming to continue to provide benefits to the environment, local economies and rural infrastructure. NSA also encourages sheep farmers to improve the breeding and management of their sheep, in pursuance of our objectives. Education of young people involved or interested in sheep farming remained key to NSA's activities too and the NSA Next Generation programme was strengthened again in 2016. Increasingly, and with the aid of modern technology, the Association is engaging in direct communication with the public with the aim of increasing their understanding and support.

Explanation of Main Objectives for the Year

The strategies employed to achieve the Charity's objectives are to:-

- Grow membership to increase engagement and assist with communicating messages;
- Disseminate information to sheep farmers;
- Consult with members, making use of the Association's regional structure, to gain a broad view of opinion;
- Compile a considered view to convey sheep industry views to appropriate bodies and the public;
- Provide a programme of activity to encourage and support young people entering the industry or considering it.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Main Aims for the Year

In order to achieve its objectives, NSA had specific aims in 2016 that it felt were particularly important for the sheep farming sector in the calendar year. These included:-

- Dialogue with government representatives and members in all nations regarding the then impending referendum on our future relationship with the European Union, and following the referendum to formulate NSA's view and opinions on the priorities needed for the sheep industry to succeed in the future. This work took priority over many other areas and replaced previous work done on the CAP.
- The creation of a coalition of livestock industry organisations to share knowledge and positions relating to Brexit, offering a point of knowledgeable support to Ministers on issues such as trade, farm support, labour, and regulation.
- Consultation with Government and Defra to reach agreement on changing the method for determining the age for carcase splitting, and continued pressure for Defra and the Food Standards Agency to consider making this change to improve market opportunities and reduce unnecessary red-tape. This work had been in collaboration with NFU and other industry stakeholders.
- Promotion of the economic, social, and environmental importance of sheep in uplands to maintain rural communities, rural businesses and environmental diversity, particularly in response to calls for rewilding and claims that sheep are environmentally damaging.
- Strengthening of our existing knowledge transfer activity to drive production efficiencies, via Sheep Farmer magazine, the NSA Weekly Email Update and NSA sheep events in particular.
- Delivery and support of activity to slow the development of anthelmintic resistance by continuing to provide secretariat services for SCOPS and contribute to the SCOPS steering group activity on research, monitoring and communication.
- Similar levels and approaches of work to address the challenge to reduce antibiotic use in sheep farming in line with global campaigns and national targets for reductions and more responsible use.
- Increased dialogue with NSA ram sale committees, by setting up an annual meeting and revisiting the role of ram sales within the UK Policy and Technical Committee, to encourage the promotion of NSA ram sales in line with industry best practice messages.
- Collection of farm case studies and increased dialogue with police forces and canine organisations to highlight the seriousness of dog attacks on sheep. This dual approach allowed us to raise awareness of the public and dog owners to the damage dogs can do, and encourage the police to treat sheep worrying seriously
- Bolstering of the NSA Next Generation programme to support young people entering the sheep sector, particularly in terms of encouraging more match-making opportunities, providing mentoring information and helping young people find employment and work experience opportunities. The design of the annual autumn event was improved to make it more useful for attendees, and the 2016 NSA Next Generation Ambassador programme delivered a further five training sessions for 12 young people selected from across the NSA regions.
- Increased understanding of the balance between the legal requirements and industry requirements for sheep identification and movement recording/reporting systems, with a view to creating an easier system and securing an official tolerance in the future.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The trustees confirmed that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit, 'Charities and Public Benefit'

Significant Activities for Achieving Objectives

At the start of the year a new member of staff was engaged as Technical Support Officer to support production of the Lynx Report and review of the Complementary Role of Sheep in LFA's report specifically, and to support the Association's policy work generally. The NSA Weekly Email Update continued to increase in circulation and Sheep Farmer remained the central pillar of communication to all members. Eastern Region organised the highly successful Eastern Region Winter Fair in January which was followed by Scotsheep and South Sheep in June and the National Sheep Event in Malvern in July. The events were well attended and busy programmes including seminars, workshops, demonstrations, and competitions ensured visitors had access to information and encouragement to increase their awareness of best practice, industry requirements and topical issues.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Voluntary Assistance

Many members of the Association give their time and knowledge free of charge to contribute to the aims of their Association. This is done in a variety of ways including involvement in committees and forums, organisation and delivery of local and national events and meetings, practical demonstrations and research.

Achievements and performance

While it is always difficult to measure performance, NSA's work in 2016 has continued to raise the organisation's profile. Particular highlights include.

- Continuing success of the Sheep Farmer magazine. The publication continues to contribute financially to the NSA and receives many compliments from members.
- Awarding the George Hedley Memorial Award to Mrs Julie Sedgewick in recognition of her contribution to sheep farming, both through breeding and showing her own sheep and her years of working for NSA regionally and nationally.
- NSA Sheep 2016, our national flagship event was delivered in July 2016. The event saw an excellent attendance, with over 200 trade stands, and 60 breed societies exhibiting. There were many international guests from a number of worldwide countries. This event is the largest technical event for sheep farmers in the UK and is run in a way to encourage the maximum number of sheep farmers to attend and gain information and knowledge. In particular, we ran our national young shepherds' competition during the one day event and introduced a new Next Generation area for young people. The Minister for Agriculture George Eustice opened the event and spent most of the day there, meeting people and getting to understand the needs of sheep farmers, the event being just after the referendum result to leave the EU. There were many technical demonstrations available on the day, showing best practice handling and treatment techniques, and a number of seminars on topical issues.
- As well as the national event NSA Scotland organised Scotsheep at Blythbank Farm, Blythridge, Peebleshire and South East Region organised South Sheep at Pythouse Farm, Tisbury, Wiltshire. In addition to NSA events there were NSA sheep centres at the Royal Ulster, Royal Highland and Royal Welsh shows, NSA stands at other regional shows with a generous amount of help provided by NSA regions and NSA carcass units were in use at many regional events. This combination of activity ensures sheep farmers have access to information, exhibitions, products, technology and ideas relating to best practice, while the public is also given opportunities to learn about sheep farming and its importance to the rural economy and the environment.
- Combining the 2016 AGM (which presented the 2015 annual report and accounts) with an informative tour of the university facilities at the Bristol Vet School, kindly hosted by the University of Bristol School of Veterinary Science.
- Ensuring the continual delivery of the Finance and General Purposes Committee and UK Policy and Technical Committee in supporting the NSA Board of Trustees and Directors, alongside the successful role of the English Committee and English regions, Welsh Committee, Scottish Committee and Northern Ireland Committee in dealing with devolved issues. These committees allow a sound connection with practical sheep farmers in the regions, identifying common and region specific issues and opportunities.
- Delivering another successful membership recruitment campaign, which engages new and existing members, to increase membership numbers particularly in the Under 27 category.
- Making progress in embedding sheep health and welfare interests within the farm support mechanism.
- Continuing our Make More of Mutton project to build on the work of Mutton Renaissance although with a loss of funding from levy bodies. During the year we extended this work to look at market support for heritage breeds.
- Working in conjunction with the Campaign for Wool to arrange for the exhibition of sheep at Decorex 2016, held at Syon Park, London. This helping CfW highlight the innovative possibilities of wool in interior design.
- Helping to negotiate the long-term direction for farm assurance standards relating to sheep, through our seats on the Red Tractor Assurance Technical Advisory Committee and the Beef and Lamb Board.

The Trustees take this opportunity to record their sincere thanks to all who have contributed in any way to the Association and the sheep industry during the year. The NSA would not be able to function without the help of NSA members who give up their time, free of charge, for the benefit of their fellow sheep farmers. We are very grateful for their commitment to the Association.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Financial review

Reserves

The level of free reserves held by the Association at the year-end of 2016 amounted to £926,470 (2015 £905,266) of which £681,917 (2015 £710,941) was represented by cash. The majority of this is held in the account of the NSA Regions and Ram Sales and is the equivalent of approximately 18 months of expenditure (not including expenses directly associated with the events). Reserves held in head office are sufficient to cover one month's salary costs and this is felt to be sufficient, as the major costs incurred here are covered by the subscriptions income, which is relatively secure. The Trustees believe that ideally the reserves in the NSA Regions and Ram Sales should be equivalent to 24 months of expenditure (as above) as this is the period between the major fundraising events where income is generated. However, they are mindful of problems in the industry over previous years and, therefore, the ideal level will not be attained quickly. The Trustees are comfortable that the overall level of free reserves is appropriate to the Association's circumstances at present. The Trustees feel that the current level of reserves are appropriate for the current work of the Association – this to include headquarters work, regional activities and ram sales. The Trustees feel that the most appropriate investment for the liquid assets of the Association is to use a deposit account in order to ensure accessibility.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Principal Funding Sources

The principal funding source continues to be from subscriptions paid by individual members of the Association. Breed society affiliation fees, breed society exhibits at NSA sheep centres at specific shows, sponsorship and Gift Aid are all important sources of income. In addition to this, virtually all regions now hold regional events where payment is received from breed societies, trade stands and sheep farmers attending the events. Another source of income and service to members is the coordination of ram sales.

The legacy we received in 2014 and 2015 is now well established with a portfolio managed by Speirs and Jeffrey. The fund is structured to maintain its value in relation to inflation and contribute financially to the running of the NSA. Despite the poor economic situation, the fund performed satisfactorily and contributed to the Association's trading account by £13,455.00. The investment company provides regular statements and updates throughout the year and for individual meetings.

A high proportion of the expenditure of the Association is linked to communicating with members to inform them and to ascertain their views on numerous subjects regarding sheep farming and then conveying a considered perspective to the relevant, appropriate body or society in general.

Investment policy

The investment with Speirs & Jeffrey is on a medium risk tolerance with the performance viewed in the medium/long term, ie 3-5 year cycles. Speirs and Jeffrey have discretion to manage the portfolio and they report quarterly to the Board. A review of investment objectives and risk classifications has been carried out with Speirs & Jeffrey.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The trustees confirm that the major risks to which the Charity is exposed are regularly reviewed. Improvements continue to be made to financial reporting systems.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Plans for future periods

The aims and key objectives of the Association are to continue to disseminate relevant information to sheep farmers and promote greater understanding of the industry to the general public and to organisations in a position to affect sheep farmers and sheep farming. The importance of this work and the vulnerability of sheep farming has increased during the year due to the EU referendum result, a decision that brings both risks and opportunities but that will require substantial work to ensure good outcomes. The Association remains concerned for the long-term financial viability and sustainability of sheep farming in UK and therefore for the ability of sheep farmers to stay in business, particularly given increased volatility of farmgate prices and the challenge of covering costs of production. The plethora of rules and regulations, together with the cost of their implementation, in many cases far exceeds the satisfaction of sheep farming and this, combined with sharply increased costs associated with the operation of a sheep farming business, continues to put financial rewards under pressure. There is an increased level of interest being shown by young people and new entrants and this needs to be backed up by ensuring the industry is viable, successful and rewarding. It remains important to defend the criticisms of sheep farming's impact on the natural environment and negative links between red meat and human health. Evidence exists to show the positive interaction between sheep farming and the environment, and the importance of red meat in healthy diets, and so the role of NSA will continue to be providing a voice for the sheep sector to ensure it can defend itself against unjustifiable and often inaccurate criticisms. The Trustees believe it is an essential part of the Association's work to convey positive and optimistic messages to industry, the public, and those in positions of authority, as well as raising concerns over obstacles and barriers and working to take advantage of opportunities that exist.

Structure, governance and management

The charity is a company limited by guarantee governed by its Memorandum and Articles of Association dated 21 December 1982 and most recently amended at the 2015 AGM to allow for current governance. NSA is registered and a private company limited by guarantee without share capital and is a registered charity. In the event of the charity being wound up members may be required to contribute a sum not exceeding £1.

Trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr S Wharry	(Deceased 5 May 2017)
Mr D Gregory	
Mr A Barr	
Mr J Blaney	
Mr M Credland	
Mrs M Dalton	
Mr A Foulds	
Mr B Griffiths	
Mrs S MacPherson	
Mr N McQuistin	(Resigned 9 November 2016)
Mr P Wozencraft	
Mr Evan Thomas	(Appointed 4 May 2016)
Mr C Lewis	(Appointed 4 May 2016)
Mr T Ward	(Resigned 4 May 2016)
Mr A Watson	(Resigned 4 May 2016)
Mr J Geldard	(Appointed 4 May 2016)
Ms A McFadzean	(Appointed 3 May 2017)

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

- One Director as nominated by each of the six NSA English regions (six directors in total);
- Three Directors as nominated by the NSA Cymru/Wales region;
- Two Directors as nominated by the NSA Scottish region;
- One Director as nominated by the NSA Northern Ireland region;
- One Director to act as Treasurer to NSA as elected at the Annual General Meeting each year;
- One Director as elected by the Board of Directors to act as Chairman of the Directors (subject to the provisions of article 45.1-45.4).

There is a rota for retirement of trustees and they are nominated by Regions at their annual regional members meetings. In its first year the Board of Trustee/Directors received induction training on their responsibilities and duties from Burges Salmon. As new trustees join the Board they receive the current guidance from the Charity Commission and the printed information from Burges Salmon. The Trustee/Directors confirm that they have adhered to section six of the NSA's Articles regarding income and property and the entitlements of its Trustees/Directors.

Organisation

The Board of Trustees/Directors administer the Charity. During the year the Board held four meetings and one phone conference. Additionally there were sub-committees covering Finance and General Purposes, and UK Policy and Technical. Each of the devolved nations has their own committee as well as regional committees in England feeding into the English Committee. A Chief Executive is appointed by the Directors to manage day to day operations, having regard to the decisions of the Board.

Management and Staff in 2016

NSA headquarters remains at Malvern. The main delivery of the policies is undertaken by the Chief Executive, supported by others. Phil Stocker continued as NSA Chief Executive. Laura Williams joined early in 2016 in the newly created role of Technical Support Officer. In August Charlotte Underwood resigned from the post of Membership Recruitment Officer and in December Abi Swaffield was taken on in this role. Other NSA staffing was Joanne Briggs as Communications Manager and Policy Officer for England, Julie Jennings as Association Secretary, Gill Callow as Membership Secretary, Hannah Park as Communications Officer, Helen Davies as Sponsorship and Corporate Manager, Helen Breakwell as Accounts Book-keeper and PA to Chief Executive, George Milne as Scottish Development Officer and Deb Hudson as cleaner. Various self-employed staff work at shows, meetings and events and in the delivery of policy work around the devolved parts of the UK.

NSA Regions and Representation

A considerable part of the effectiveness of the Association comes from the regional structure, which results in substantial voluntary activity and facilitates communication between groups of sheep farmers in the different areas of the UK and the headquarters team. There are nine regions (Scotland, Wales, Northern Ireland and six regions in England) and this enables a constant flow of up to date information, which is transmitted to Government and used in specialist debates, as well as providing channels through which key messages can be sent. The devolved governments in Scotland, Wales and Northern Ireland and continued movement towards devolved implementation of many regulatory issues meant NSA representation in these areas continued to be vitally important. Regional Development Officers in the devolved nations represent NSA at the devolved governments and ensure a flow of information between each nation. Meanwhile the head office at Malvern retained a constant dialogue with Defra and the government agencies in England.

Membership Trends

The Association had 6378 members at the end of 2016 and 82 affiliated breed societies. This included 532 new members and reflects the efforts put into recruitment campaigns which included offering a chance to win 3 x £200 vouchers, very generously donated by Fecpak, Cox-Agri and JG Animal Health, for both new members and existing members who referred a new member. In 2016 there were 500 members who did not renew their membership, which is slightly less than in 2015. Campaigns to increase membership retention and recruitment are continuing in 2017 combined with a small increase (£5) in subscriptions. Retention figures show signs of improvement.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

Gift Aid

In 2016 the Association claimed Gift Aid from HMRC on all members who had granted permission on subscriptions paid in the 2015/2016 tax year (06/04/2015 to 05/04/2016) and the four years preceding, under HMRC rulings and taking into account the members taking part in prize draws throughout 2015/2016. The claim for 2016/2017 (06/04/2016 to 05/04/2017) will be submitted to HMRC in 2017.

Breed Society Forum

In addition to NSA-affiliated breed societies receiving information sent to individual members, additional engagement with this group is a key area of activity. The annual NSA Breed Society Forum for 2016 was held in May in Somerset. This event helped keep sheep breed societies and associations abreast of NSA and sheep sector activity. Representatives from some 22 societies attended. An additional meeting for relevant breed societies was held in October where ideas were discussed for market development in order to support heritage breeds. This meeting progressed to plans for a feasibility study which is in the process of securing funding.

Related Parties

The Charity communicated regularly with many organisations, some of which are allied to the sheep industry and others whose activities affect it. There is a formal partnership with the Moredun Foundation, whereby all NSA members are automatically Moredun associate members and receive all Moredun information. There is a joint company registered in the name of NSA RBST Semen Archive having two directors each from NSA and RBST.

Statement of trustees' responsibilities

The trustees, who are also the directors of National Sheep Association for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor, Old Mill Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

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Mr D Gregory

Trustee

Dated:

.....

Mrs M Dalton

Trustee

Dated:.....

NATIONAL SHEEP ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION

We have audited the financial statements of National Sheep Association for the year ended 31 December 2016 set out on pages 12 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on pages 1 - 9, the trustees, who are also the directors of National Sheep Association for the purposes of company law are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 and Trustee Investment (Scotland) Act 2005 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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 Companies Act 2006 the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

NATIONAL SHEEP ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the accounts are not in agreement with the accounting records and returns; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Tim Lerwill (Senior Statutory Auditor)
for and on behalf of Old Mill Audit LLP

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Chartered Accountants
Statutory Auditor

Wessex House
Challemead Business Park
MELKSHAM
Wiltshire
SN12 8BU

Old Mill Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

NATIONAL SHEEP ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<u>Income and endowments from:</u>					
Donations and legacies	3	362,673	42,377	405,050	414,825
Charitable activities	4	248,967	20,735	269,702	274,397
Other trading activities	5	477,578	-	477,578	506,014
Investments	6	36,205	-	36,205	49,397
Other income	7	22,691	-	22,691	58,312
Total income		1,148,114	63,112	1,211,226	1,302,945
<u>Expenditure on:</u>					
Raising funds	8	403,536	-	403,536	453,370
Charitable activities	9	771,517	25,176	796,693	799,747
Total resources expended		1,175,053	25,176	1,200,229	1,253,117
Net gains on investments	13	59,080	-	59,080	(32,543)
Net movement in funds		32,141	37,936	70,077	17,285
Fund balances at 1 January 2016		1,665,108	22,889	1,687,997	1,670,712
Fund balances at 31 December 2016		1,697,249	60,825	1,758,074	1,687,997

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

NATIONAL SHEEP ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2016

			2016		2015
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		195,524		200,221
Investment properties	15		320,000		320,000
Investments	16		654,140		529,049
			1,169,664		1,049,270
Current assets					
Stocks	18	1,830		2,054	
Debtors	19	111,297		98,570	
Cash at bank and in hand		681,917		710,941	
			795,044	811,565	
Creditors: amounts falling due within one year	20	(206,634)		(172,838)	
Net current assets			588,410		638,727
Total assets less current liabilities			1,758,074		1,687,997
Income funds					
Restricted funds	23		60,825		22,889
<u>Unrestricted funds</u>					
Designated funds	24	575,255		559,621	
General unrestricted funds		1,121,994		1,105,487	
			1,697,249		1,665,108
			1,758,074		1,687,997

NATIONAL SHEEP ASSOCIATION

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2016

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2016, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on

.....
Mr D Gregory

Trustee

.....
Mrs M Dalton

Trustee

Company Registration No. 00037818

NATIONAL SHEEP ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	28		5,247		18,772
Investing activities					
Purchase of tangible fixed assets		(4,456)		(5,545)	
Proceeds on disposal of tangible fixed assets		-		(223)	
Purchase of investments		(82,539)		(43,143)	
Proceeds on disposal of investments		16,519		-	
Interest received		36,205		49,397	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from investing activities			(34,271)		486
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(29,024)		19,258
Cash and cash equivalents at beginning of year			710,941		691,683
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>681,917</u>		<u>710,941</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

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

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

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

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Grants received to assist with specific expenditure are released to the statement of financial activities as the expenditure is incurred.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Expenditure is accounted for on an accruals basis, inclusive of any value added tax which cannot be received, and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. They include an element of head office costs on the basis of salary percentage in relation to collecting the voluntary proportion of subscriptions. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

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.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2 % on Cost / 5% Reducing Balance
Fixtures, fittings & equipment	10-25% on Cost / 20-25% Reducing Balance
Motor vehicles	25% Reducing Balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for 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.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of 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 stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	27,989	-	27,989	96,821
Grants	16,910	42,377	59,287	17,500
Membership fees	317,774	-	317,774	300,504
	<u>362,673</u>	<u>42,377</u>	<u>405,050</u>	<u>414,825</u>
For the year ended 31 December 2015	<u>399,825</u>	<u>15,000</u>		<u>414,825</u>

4 Charitable activities

	Ram Sales	Sheep Farmer Advertising	Sustainable Welsh Commons Control of Parasites in Sheep	Welsh Commons Forum	Total	Total 2015
	£	£	£	£	£	£
Other income	156,539	92,428	12,975	7,760	269,702	274,397
	<u>156,539</u>	<u>92,428</u>	<u>12,975</u>	<u>7,760</u>	<u>269,702</u>	<u>274,397</u>
Analysis by fund						
Unrestricted funds	156,539	92,428	-	-	248,967	
Restricted funds	-	-	12,975	7,760	20,735	
	<u>156,539</u>	<u>92,428</u>	<u>12,975</u>	<u>7,760</u>	<u>269,702</u>	
For the year ended 31 December 2015						
Unrestricted funds	151,756	104,893	-	-		256,649
Restricted funds	-	-	17,748	-		17,748
	<u>151,756</u>	<u>104,893</u>	<u>17,748</u>	<u>-</u>		<u>274,397</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Other trading activities

	2016	2015
	£	£
Fundraising events	477,578	495,074
Trade stands at regional events	-	10,940
	<u>477,578</u>	<u>506,014</u>
Other trading activities	<u>477,578</u>	<u>506,014</u>

6 Investments

	2016	2015
	£	£
Rental income	15,426	14,089
Investment Income	14,628	31,631
Dividends Received	4,049	681
Interest receivable	2,102	2,996
	<u>36,205</u>	<u>49,397</u>

7 Other income

	2016	2015
	£	£
Net gain on disposal of tangible fixed assets	-	(672)
Other income	12,045	28,815
Carcass Units Hire	10,185	6,272
Promotional Items	244	153
Make More of Mutton	(1,000)	22,750
P & O	1,217	994
	<u>22,691</u>	<u>58,312</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Raising funds

	2016	2015
	£	£
<u>Fundraising and publicity</u>		
Seeking donations, grants and legacies	-	30
Staging fundraising events	268,009	343,367
Staff costs	49,547	30,100
Support costs	85,980	79,873
	<u> </u>	<u> </u>
Fundraising and publicity	403,536	453,370
	<u> </u>	<u> </u>
	403,536	453,370
	<u> </u>	<u> </u>
For the year ended 31 December 2015		
Fundraising and publicity		453,370
		<u> </u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Charitable activities

	Breeding Improvement Other Costs £	Membership Services and Enquiries £	Education and Promotion Other Costs £	Total 2016 £	Total 2015 £
iSage project	-	-	2,051	2,051	-
Carcass Unit Costs	-	-	9,082	9,082	13,238
Costs Relating to Sheep Farmer	-	-	66,702	66,702	67,255
Membership Promotion	-	-	42,280	42,280	44,813
Storage of Semen	-	-	11,090	11,090	3,970
Make More of Mutton	-	-	11,310	11,310	22,598
Room Hire & Refreshments for Meetings & Conferences	-	-	37,056	37,056	25,932
Regional Secretaries & Officers Fees	-	-	40,377	40,377	45,372
Awards, Sponsorship & Donations	-	-	3,696	3,696	8,093
Subscriptions for Other Bodies	-	-	1,578	1,578	1,376
Campaign for Wool	-	-	2,087	2,087	1,371
Sustainable Control of Parasites in Sheep Project	-	-	17,330	17,330	19,215
Ram Sale Expenses	127,893	-	-	127,893	144,251
	<u>127,893</u>	<u>-</u>	<u>244,639</u>	<u>372,532</u>	<u>397,484</u>
Share of support costs (see note 10)	-	156,786	222,186	378,972	354,732
Share of governance costs (see note 10)	-	-	45,189	45,189	47,531
	<u>127,893</u>	<u>156,786</u>	<u>512,014</u>	<u>796,693</u>	<u>799,747</u>
Analysis by fund					
Unrestricted funds	127,893	156,786	486,838	771,517	
Restricted funds	-	-	25,176	25,176	
	<u>127,893</u>	<u>156,786</u>	<u>512,014</u>	<u>796,693</u>	
For the year ended 31 December 2015					
Unrestricted funds	144,251	209,080	427,201		780,532
Restricted funds	-	-	19,215		19,215
	<u>144,251</u>	<u>209,080</u>	<u>446,416</u>		<u>799,747</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Support costs	Support costs	Governance costs	2016	2015	Basis of allocation
	£	£	£	£	
Staff costs	290,338	37,932	328,270	297,718	
Depreciation	9,162	-	9,162	8,072	
Printing, Photocopying & Stationery	17,999	-	17,999	10,698	
General Office Expenses	4,851	-	4,851	4,387	
Telephone, Computer & Website	24,787	-	24,787	20,124	
Travelling Expenses & Subsistence	53,129	-	53,129	54,335	
Rates & Utilities	8,572	-	8,572	6,433	
Property Repairs	4,932	-	4,932	4,067	
Legal & Professional	22,860	-	22,860	32,372	
Accountancy	5,570	-	5,570	12,716	
Postage & Delivery	12,895	-	12,895	8,873	
Insurance	9,857	-	9,857	10,048	
Audit fees	-	5,300	5,300	8,900	Governance
Bank Charges	-	1,957	1,957	2,754	Governance
Bad Debts	-	-	-	639	Governance
	<u>464,952</u>	<u>45,189</u>	<u>510,141</u>	<u>482,136</u>	
Analysed between					
Fundraising	85,980	-	85,980	79,873	
Charitable activities	378,972	45,189	424,161	402,263	
	<u>464,952</u>	<u>45,189</u>	<u>510,141</u>	<u>482,136</u>	

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Support costs

(Continued)

The nature of the work undertaken by individual staff traverses several categories of expenditure, therefore the above includes an element of judgment as to the percentage of time spent on each category to allocate the costs involved:

		Staff Costs & Other Costs	
Costs of generating funds		17%	
Education and promotion		44.5%	
Membership services and enquiries		31%	
Governance costs		7.5%	

In addition to the audit fees shown above, included within support costs are fees payable to the auditor for other services of £5,570 (2015:£12,716).

Governance costs includes payments to the auditors of £5,300 (2015:£8,900) for audit fees.

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 1 (2015:0) was paid £1,110 for services (2015:£nil). Also, 10 (2015:9) of them were reimbursed a total of £5,621 (2015:£10,523) of travel and other expenses relating to their role as trustees.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Employees

Number of employees

Honorarium and Subcontractors

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

	2016 Number	2015 Number
Regional Secretaries and Officers	8	9
Ram Sales Secretaries and Officers	2	3
Regional Event Managers	3	2
Royal Show Event Managers	-	1
	<u>13</u>	<u>15</u>

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:

Payments to Regional Managers	£23,346
Payments to Ram Sales Managers	£27,900
Payments to Regional Event Managers	£49,547
Payments to Royal Shows Event managers	£nil

Employment costs	2016 £	2015 £
Wages and salaries	339,708	294,106
Social security costs	25,995	23,558
Other pension costs	12,114	10,154
	<u>377,817</u>	<u>327,818</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2016 Number	2015 Number
£70,000 - £80,000	<u>1</u>	<u>1</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Net gains/(losses) on investments

	2016	2015
	£	£
Revaluation of investments	59,080	(32,543)
	<u>59,080</u>	<u>(32,543)</u>

14 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2016	247,517	178,405	9,430	435,352
Additions	-	4,456	-	4,456
Disposals	-	(56,323)	-	(56,323)
	<u>247,517</u>	<u>126,538</u>	<u>9,430</u>	<u>383,485</u>
At 31 December 2016	247,517	126,538	9,430	383,485
	<u>247,517</u>	<u>126,538</u>	<u>9,430</u>	<u>383,485</u>
Depreciation and impairment				
At 1 January 2016	68,873	157,708	8,549	235,130
Depreciation charged in the year	4,445	4,489	220	9,154
Eliminated in respect of disposals	-	(56,323)	-	(56,323)
	<u>73,318</u>	<u>105,874</u>	<u>8,769</u>	<u>187,961</u>
At 31 December 2016	73,318	105,874	8,769	187,961
	<u>73,318</u>	<u>105,874</u>	<u>8,769</u>	<u>187,961</u>
Carrying amount				
At 31 December 2016	174,199	20,664	661	195,524
	<u>174,199</u>	<u>20,664</u>	<u>661</u>	<u>195,524</u>
At 31 December 2015	178,644	20,696	881	200,221
	<u>178,644</u>	<u>20,696</u>	<u>881</u>	<u>200,221</u>

15 Investment property

	2016
	£
Fair value	
At 1 January 2016 and 31 December 2016	320,000
	<u>320,000</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out on 25 June 2015 by Charles 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.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Fixed asset investments

	Listed investments	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 31 December 2016	434,361	94,688	529,049
Additions	17,530	65,000	82,530
Unrealised Gains/(Losses)	48,425	10,546	58,971
Realised Gains/(Losses)	109	-	109
Disposals	(16,519)	-	(16,519)
	<u>483,906</u>	<u>170,234</u>	<u>654,140</u>
Carrying amount			
At 31 December 2016	<u>483,906</u>	<u>170,234</u>	<u>654,140</u>
At 31 December 2015	<u>434,361</u>	<u>94,688</u>	<u>529,049</u>

17 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	99,545	82,100
Equity instruments measured at cost less impairment	654,140	529,049
	<u>753,685</u>	<u>611,149</u>
Carrying amount of financial liabilities		
Measured at amortised cost	58,733	69,815
	<u>58,733</u>	<u>69,815</u>

18 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	1,830	2,054
	<u>1,830</u>	<u>2,054</u>

19 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	77,624	54,838
Other debtors	21,921	29,324
Prepayments and accrued income	11,752	14,408
	<u>111,297</u>	<u>98,570</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

20 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Other taxation and social security		225	-
Deferred income	21	147,676	103,023
Trade creditors		24,996	39,177
Other creditors		6,386	10,946
Accruals and deferred income		27,351	19,692
		206,634	172,838
		206,634	172,838

21 Deferred income

	2016 £	2015 £
Other deferred income	147,676	103,023
	147,676	103,023

Deferred income is included in the financial statements as follows:

	2016 £	2015 £
Current liabilities	147,676	103,023
	147,676	103,023
	147,676	103,023
Movement in the year	2016	2015
	£	£
At 1 January 2016	103,023	88,948
Amount released to income earned from charitable activities	(103,023)	(88,948)
Amount deferred in the year	143,551	103,023
	147,676	103,023
At 31 December 2016	147,676	103,023

Deferred income represents membership fees received in the current year which relate to memberships ending in the subsequent year.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £12,114 (2015:£10,154)

23 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Balance at 31 December 2016 £
	Balance at 1 January 2016 £	Incoming resources £	Resources expended £	
Sustainable Control of Parasites in Sheep	21,887	17,100	(17,330)	21,657
Welsh Commons Forum	1,002	7,760	(1,835)	6,927
iSage	-	28,821	(2,051)	26,770
Ram Longevity	-	9,431	(3,960)	5,471
	<u>22,889</u>	<u>63,112</u>	<u>(25,176)</u>	<u>60,825</u>

Restricted funds:

Sustainable control of parasites in sheep

The sustainable control of parasites in sheep (SCOPS) group was formed to develop sustainable strategies for parasite control in sheep, facilitate and oversee the delivery of these recommendations to the industry and ensure that new research and development is incorporated to refine and improve advice given to the sheep industry.

SCOPS is an industry led group that represents the interest of the sheep industry. It recognises that, left unchecked, anthelmintic resistance (AR) is one of the biggest challenges to the future health and profitability of the UK sheep industry.

During the year several of the participating organisations contributed towards the activities of SCOPS. The money is held and administered by the National Sheep Association, which is also providing non-financial assistance to the group.

Welsh Commons Forum

In 2012 a separate organisation for Welsh commons forum was set up independently of the National Sheep Association. In 2015 WCF and NSA agreed that WCF would formally become part of NSA, similar to a region.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

23 Restricted funds

(Continued)

iSAGE

The project began in March 2016 and will run for 4 years. The project aims 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 its 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 the public goods (PG) tool for assessing sustainability on farms. Using existing information covering environment, economic and social factors, the results should give immediate feedback to the farmer on areas where performance is currently good and areas where further development is needed.

Ram Longevity

Prompted by claims from members that rams do not work on commercial farms for as many seasons as wanted, NSA is facilitating a ram longevity study to find out the truth behind the situation.

Being carried out by a group of independent sheep consultants, the study involves a survey element as well as a number of one off focus groups which will look at more in-depth factors affecting the length of time rams are working for in commercial flocks in the UK. Sheep farmers with 200+ breeding ewes and at least two years of ram purchase information (privately/livestock market, etc) are being asked to take part.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Unrestricted funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 December 2016
	Balance at 1 January 2016	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Central Region	27,494	80	(1,821)	(1,000)	24,753
Cymru Region	138,931	9,706	(17,458)	(1,000)	130,179
Eastern Region	25,559	10,465	(15,426)	(1,000)	19,598
Marches Region	11,558	-	(1,360)	5,000	15,198
Northern Region	45,781	3,353	(18,890)	(1,000)	29,244
Northern Ireland Region	40,798	11,504	(20,786)	4,000	35,516
Scottish Region	24,870	167,661	(149,748)	6,070	48,853
South East Region	7,910	48,916	(38,540)	(1,000)	17,286
South West Region	18,023	2,650	(5,107)	(500)	15,066
South West Ram Sales	65,129	10,585	(4,630)	(500)	70,584
Wales & Border Ram Sales	153,568	160,843	(145,933)	(1,000)	167,478
Designated funds	559,621	425,763	(419,699)	8,070	573,755
General funds	1,105,487	722,351	1,594,752	(8,070)	1,123,494
Total unrestricted funds	1,665,108	1,148,114	1,175,053	-	1,697,249

The income funds of the charity include the above designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

Eastern region and Eastern region ram sales prepare combined accounts and are treated as a single region.

25 Analysis of net assets between funds

	Head Office Activities/ Unrestricted Funds	Other Activities/ Restricted Funds	Total
	£	£	£
Fund balances at 31 December 2016 are represented by:			
Tangible assets	195,524	-	195,524
Investment properties	320,000	-	320,000
Investments	654,140	-	654,140
Current assets/(liabilities)	518,063	70,347	588,410
	1,687,727	70,347	1,758,074

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

26 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	14,853	22,387
Between two and five years	14,523	28,262
	<u>29,376</u>	<u>50,649</u>

Amounts recognised in the statement of financial activities as a cost during the period in respect of operating lease arrangements amounted to £22,387 (2015:£21,126).

27 Related party transactions

	2016
	£
Stonehill Stitchcraft - Son of Regional Manager	45
Stonehill Sheep & Fencing Services - Business owned by Regional Manager and wife	10,285
Tom Blanden - Son of Regional Manager	2,000
Ceres Solutions Ltd - Company owned by Regional Manager and wife	6,393
Chris Lewis	<u>1,110</u>
Total	<u>19,833</u>

The above transactions represent payments made under normal market conditions for goods, services and related expenses. At the balance sheet date the charity owed £230 to Ceres Solutions. There were no other outstanding balances.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28	Cash generated from operations	2016	2015
		£	£
	Surplus for the year	70,077	17,285
	Adjustments for:		
	Investment income recognised in statement of financial activities	(36,205)	(49,397)
	(Gain)/loss on disposal of tangible fixed assets	-	672
	Fair value gains and losses on investments	(59,080)	32,543
	Depreciation and impairment of tangible fixed assets	9,162	8,072
	Movements in working capital:		
	Decrease in stocks	224	33
	(Increase)/decrease in debtors	(12,727)	52,790
	(Decrease) in creditors	(10,857)	(57,301)
	Increase in deferred income	44,653	14,075
	Cash generated from operations	<u>5,247</u>	<u>18,772</u>