



NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

**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 2021**

Trustees	Mr D Gregory Mr A Barr (Resigned 18 March 2021) Mr E Thomas (resigned 6 May 2022) Mr J Geldard (resigned 6 May 2022) Ms A McFadzean Mr H Dunn Mr D Phipps Mr T Ward Mr P Myles Mr P Delbridge Mr J Farmer Ms K Hovers (appointed 29 April 2021) Mr B Griffiths (resigned 21 January 2021) Mr A Alderson (appointed 6 May 2022) Dr Y P Le Du (appointed 18 March 2021) Mr A Foulds (appointed 18 March 2021) Mr C Sercombe (appointed 18 March 2021) Miss C Hughes (appointed 6 May 2022)
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 2021**

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees present their Annual report together with the audited financial statements of the Company for the year 1 January 2021 to 31 December 2021. 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.

Working within the remit of its charitable object, NSA has a vision for the UK sheep sector: This is stated as: '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.'

In order to achieve this vision, NSA categorises its work into four pillars – economics, health, environment and society. All activities address at least one of these pillars, with membership being core to success. Maintaining membership (and even aspiring to grow it, despite the number of sheep farmers in the UK continuing to fall) is key to increasing engagement and assisting with the communication of messages to farmers and non-farmers. Providing a programme of activity to encourage and support young people is an overriding priority, to safeguard the future of the sheep sector and NSA itself.

In summarising activity in 2021, it is impossible not to focus on the continued impact of covid-19. NSA returned to face-to-face activities where possible but took learnings from 2020 to continue with virtual events and meetings where and when appropriate. It was a blow to have to cancel another year of sheep events, but still possible to offer plenty to the membership by combining smaller regional events, the usual ram sales, and NSA Next Generation activities, alongside a strong online offering. Engagement with non-farmers continued to strengthen, with online meetings and a growing social media reach.

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.

- Maintain membership to increase engagement and assist with communicating messages.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Objectives and activities (CONTINUED)

- 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

NSA believes communication is key to delivering the NSA vision for the UK sheep sector, specifically to retain and recruit members, and ensure the association has the profile to be invited to and engaged with on key industry topics. Therefore, the main aim is to continually maintain and build on a variety of effective and meaningful communication routes. External communications are 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. Internal communications (to the membership) are the NSA Weekly Email Update, Sheep Farmer magazine and direct emails, as well as online information and social media posts that will be seen by all sheep farmers, regardless of whether they are members. Communications were maintained and enhanced in 2021, with NSA invited to an increased range of government policy meetings and forums, a higher number of press releases issued, a website redesign initiated, and an increased social media reach.

Activity and communication were equal across the four pillars within the NSA vision. Public discussion about the environment was greater than ever before (in part due to the UK hosting COP26) and, while this led to increased activity by NSA to talk about sheep being part of the solution for many environmental challenges, the four pillars are so intertwined there was dialogue about all of them. For example, the importance of sheep being profitable in order to engage and invest in environmentally sound practices, the impact of healthier animals on carbon footprints, and the societal value of managed rural environments.

d. Volunteers

The work of NSA is only possible due to the many volunteers who work tirelessly on behalf of the organisation, from the officeholders who represent the views of their regions on various committees, to the volunteers who organise regional events and ram sales. The Trustees take this opportunity to thank all those who contributed in any way to NSA and the sheep industry in 2021, tolerating yet another year of uncertainty, altered plans and virtual meetings due to covid-19.

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 2021, NSA ensured sheep farmers had access to information to maintain and increase their contribution to the economy, health, the environment and society. It also clearly and consistently communicated to policymakers, appropriate bodies and the public that sheep and sheep farming have a clear public benefit and can enhance this further still with the right post-Brexit policy framework.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021.

- NSA involvement in high-level Government policy discussions about post-Brexit farm support payments, with NSA staff members and numerous NSA officeholders involved in consultation and pilot projects for the new Sustainable Farming Incentive, and Animal Health & Welfare Pathway. Opinions of NSA officeholders and NSA positions/views actively sought out.
- Establishment of an NSA Science Advisory Panel, as a group of recognised scientists and experts able to provide scientifically robust responses to high-profile issues including the role of ruminants in climate change and of red meat in balanced diets.
- Production of a 'Sheep are already part of the solution' booklet, distributed to all MPs ahead of COP26 and used in far-reaching public engagement through the use of farmer case studies.
- Sustained NSA participation in cross-industry groups working in the animal health and husbandry areas, including the Responsible Use of Medicines in Agriculture (RUMA) alliance, Sustainable Control of Parasites in Sheep (SCOPS) group, and newly formed Ruminant Health and Welfare Group (RHWG), as well as other industry groups working in trade, supply chain and traceability.
- Due to NSA involvement, increased activity by the Global Sheep Producers Forum to work on an international level to validate and inspire sheep farmers with environmental, welfare and nutritional credentials, and encourage young leaders within the sector.
- Progress made on better legislation to protect sheep from attacks by dogs, with years of NSA awareness-raising work rewarded with new legislation passing through Scottish Parliament and draft legislation passing through Whitehall.
- NSA written into a successful funding-bid to research and develop a community-based response model to sheep scab. NSA delivering a regional workstream in the 'For Flocks Sake' project and recognised as instrumental to the project design and legacy.
- Launch of the Register of Sheep Advisors (RoSA), a register of professional sheep advisors accessing regular CPD, run as a separate company owned by NSA and BASIS. Higher than anticipated members in the first year, strong industry recognition from the outset and a strong working relationship established with BASIS to build on in the future.
- Establishment of the NSA Breakfast Club, a regular webinar that has become recognised in the industry and is well attended by sheep farmers and industry representatives. High profile speakers have regularly accepted invitations.
- A successful year for NSA Next Generation, despite this being an area that suffered more than most in 2020 as a result of covid-19. More than 60 individuals applied for a new NSA Next GENE-eration project, which boosted the breeding of six flocks with the inclusion of free-of-charge breeding males. Two NSA Next Generation events (Stirling and Shropshire) were well attended in autumn 2021 and provided a much-missed networking opportunity for young sheep farmers and new entrants. And nearly 50 individuals applied for the NSA Next Generation Ambassador programme (applications in 2021 for the 2022 programme) including individuals who had been accepted onto the covid-cancelled 2020 programme.
- Five NSA ram sales conducted despite covid-19 uncertainty, allowing sheep farmers to trade in genetics and network at important industry events. Plus a small number of regional farm walks and face-to-face meetings, marking the recovery from numerous covid-19 lockdowns.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 slightly increased in 2021 compared to 2020, which is a positive sign.
- **External. Health.** NSA consistently and accurately provided information and encouragement for sheep farmers to improve the health of the national flock in 2021.
- **External. Environment.** In 2021, NSA continued to gather evidence to support the environmental credentials of UK sheep farming, and consistently and accurately provided information and encouragement for sheep farmers to reduce the climate change footprint of the national flock while contributing to nature recovery and ecosystems.
- **External. Society.** There was sustained, if not increased, public interest in and support for sheep farming in 2021. Applications for NSA Next Generation activity also indicate there are enthusiastic and knowledgeable successors and new entrants coming through to run sheep flocks.
- **Internal. Membership.** There was a small fall in membership numbers in 2021, with data collected suggesting this was mostly due to members retiring or dying. This was against a backdrop of event cancellation again limiting face-to-face membership recruitment.
- **Internal. Association profile.** NSA increased its standing within the industry in 2021, mainly due to increased relationship building, policy, press and online work.
- **Internal. Finances.** Detailed updates elsewhere in this report.
- **Internal. Governance.** Despite covid-19 continuing to curb face-to-face meetings, officeholders continued to be engaged and effective in 2021. The review of the NSA Strategy has identified areas of further improvement, including more formal Trustee/officeholder inductions.
- **Internal. Staff.** A survey in 2021 revealed high levels of staff satisfaction, and a plan has been made to address issues raised about even better connection between NSA Head Office and NSA regions.

c. Review of activities

Structures are in place for regular reviews of activity, primarily through quarterly Board meetings, but also regular Senior Management Meetings and quarterly reporting structures.

d. Factors relevant to achieve objectives

An effective staffing structure at NSA Head Office and regional network of committees and officeholders is key to NSA achieving its objective. Finding the right balance between online and face-to-face meetings/activities will be essential going forward, with varying views within the organisation about the importance of personal contact versus saving time and money by reducing travel. These factors need to be carefully monitored and debated.

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 2021.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Achievements and performance (CONTINUED)

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, and improvements have been made to the information presented on a regular basis to the Trustees, so they regularly see the picture across the whole of the association. Overall, the performance of the investments in 2021 was satisfactory, particularly considering the volatile global situation / continuing impact of covid-19.

Financial review

a. Overview

The financial position of the NSA remained strong throughout 2021; at year end the total reserves were £1,794,567 (2020 £1,715,435). NSA maintained a flexible balance between investments and working capital, as shown on page 17. This financial flexibility has been a key factor in NSA being able to cope with the particular challenges experienced in 2021, as was also the case in 2020.

Despite the reduction in income from sheep events, the deficit for the year was contained to £11,020 – excluding gains/losses on investments. These totalled £90,152 of gains for the year and, therefore, resulted in a net increase in funds of £79,132 when these are included. This is equivalent to a 4.6% increase in overall funds. NSA has a number of strong income streams, in particular from membership subscriptions, which means the association is not solely reliant on event income to support its activities. This income spread is illustrated on page 17 and the supporting notes.

b. Going concern

The National Sheep Association has neither the intention or the need to cease its work or significantly reduce the scale of its work. The NSA Trustees routinely discuss risks and potential risks to the association and expenditure and income across the entire association is closely monitored. Should income fall below our projections, the association has reserves which can be drawn on if required. NSA has come through one of the most challenging periods in recent history – with covid-19 forcing the cancellation of two years of NSA sheep events, and Brexit posing an unprecedented risk to the sheep farmers who make up the association's membership. However, the UK sheep sector has had a period of good prices and the loss of trade and exodus of farmers from the sector that was feared at one time has been avoided. The loss of income from NSA sheep events has been felt, but the association has reacted appropriately, managed the risk, and will 'come back with a bang' with the industry crying out for the return of the NSA Sheep Event and NSA Scot Sheep in 2022 and other regional sheep events in 2023. NSA learnt a great deal through the global pandemic, and the move of membership recruitment to be a solely online activity in the absence of face-to-face events, means it has a robust, hybrid model for the future. This ensures vital membership income, but it is important for NSA not to be reliant on this or any other single income stream. Therefore the spread of drawing funds from membership subscriptions, sponsorship, events, funding bids etc, is continually under review to ensure NSA adapts to change and initiates new ideas and developments.

c. Reserves policy

The level of free reserves held by NSA at the year-end of 2021 amounted to £1,120,790 (2020 £1,014,903). These free reserves are held in Head Office and are sufficient to cover more than one month's salary costs. 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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. Historically, NSA has 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. However, improvements to cashflow predictions have been made and the policy now is to operate with minimal reserves and optimise investments. Steps were taken in 2021 in progress this and NSA is in the advanced stages of finalising a written policy for the Trustees to sign off and regularly review.

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. Steps have already been taken to mitigate risks that are within NSA's control, partly through ongoing improvement to financial and reporting systems, and partly through the review of the NSA Strategy, as mentioned elsewhere in this document. There is nothing of concern to report in relation to 2021.

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 2021. 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, the sale of advertising, and to a much lesser extent, occasional activities such as the purchase of raffle tickets at shows and events. NSA occasionally manages to access grant and statutory funding. In 2021 this included two EU-funded projects spanning 2021 and 2022. NSA occasionally received legacies, but this was not the case in 2021. 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. The event organisers and event committees meet regularly to review progress and budgets and 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Structure, governance and management

a. Constitution

During 2021 National Sheep Association 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 2021. Two Trustees reached the end of their terms in 2021 and, due to there being a vacant position unfilled in 2020, three new Trustees were elected in 2021.

- Mr Bryan Griffiths resigned 1 February 2021
- Mr Andrew Barr resigned 18 March 2021
- Mr Yann Le Du appointed 25 March 2021
- Mr Andrew Foulds appointed 1 April 2021
- Mr Charles Sercombe appointed 24 May 2021

Between the end of the financial year and the production of this report, an additional two trustees reached the end of their terms and were replaced.

- 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

One Trustee was nominated by each of the six NSA regions in England (six Trustees in total). Three were nominated by NSA Cymru/Wales Region, two by NSA Scottish Region and one by NSA Northern Ireland Region. One Trustee acts as Honorary Treasurer to NSA, as elected at the Annual General Meeting each year, and one Trustee acts as Chairman of the Directors, as elected by the Board of Directors (subject to the provision of article 44). There is a rota for retirement of Trustees and they are nominated by regions at their annual regional members' meetings. When a regional nomination is accepted by the Board of Directors, the incoming individual is informed of their responsibilities and duties as a Trustee Directors and given copies of Charity Commission guidance and NSA printed information. The plan from 2022 onwards is to enhance this with further induction/training for incoming Trustees, to ensure Trustees have an in-depth understanding of the whole NSA structure and operations from the outset.

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 & General Purposes Committee, to look at quarterly budgetary information and operational detail. This sub-committee meets a minimum of three times per year. Work was carried out in 2021 to review this sub-committee, with it being disbanded and replaced with an NSA Finance Scrutiny Committee from January 2022. This was to reflect that information sharing and reports to the Board have improved over time and, going forward, the new committee will look at specific finance topics in detail, as requested by the Board, rather than being delegated to have a general view. Separate to this, the Trustees also delegate responsibility to the NSA 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Structure, governance and management (CONTINUED)

d. Management and staff in 2021

Phil Stocker continued as NSA Chief Executive in 2021 and led a team of 12 employed staff including himself – five full-time, five part-time and two on zero hours contracts that vary depending on volumes of work (plus one part-time individual on maternity leave for the majority of the year and covered by other individuals in the headcount of 12). The Policy & Technical Officer employed to cover the maternity leave took a temporary full-time contract to both cover the Technical Officer on maternity leave and the Policy Officer not replaced in October 2020. This worked on a short-term basis but, combined with the review of the NSA Strategy initiated in 2020, it became clear that staff were stretched and the organisation was at risk from not having enough seniority within the staffing structure. A Senior Management Team (involving the salaried Chief Executive and Operations Director plus the Trustees serving as Chairman and Honorary Treasurer) was formalised and began to meet regularly. Additional steps were also initiated in late 2021 with a revised staffing structure put in place in early 2022 with a Communication Manager, Project Manager and Policy Manager appointed to better cover the volume of work and introduce a level of seniority beneath the Senior Management Team. An additional role was also identified at this time, to be filled in mid-2022, to further develop NSA Next Generation activity and support NSA regions where they need. This will increase the head count in 2022 to 14 employed staff – six full-time, six part-time and two 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 Chief Executive's proposal for individual salaries within that total figure. The NSA Chairman and NSA Honorary Treasurer consider these individual salaries on a confidential basis, and also 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.

f. Related party relationships

During 2021 sponsorship/advertising income was received from five companies with a link to an NSA Trustee or key officeholder. The combined income for these was £3,690. 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 £16,721. Income received from and expenditure with related parties was in pursuit of NSA's charitable objectives. An additional note for 2021 is that NSA employed a direct family member of a key officeholder, and paid an honorarium to an NSA regional manager who was a direct family member of a regional officeholder. There are no related parties that either control or significantly influence the decisions and operations of NSA.

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 monthly internal meetings and workstreams dedicated to membership recruitment and retention, and regular sharing of information within the Head Office team and regional officeholders about sponsorship opportunities and the range of commercial companies we maintain healthy working relationships with. The risk of losing sponsorship income became a reality in 2020 and 2021, due to covid-19 cancelling two years' worth of NSA sheep events – but because NSA understood the impact this would have on the whole organisation, Head Office and the regions reacted appropriately and continue to monitor the ongoing affect of that loss of income.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Structure, governance and management (CONTINUED)

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.

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.

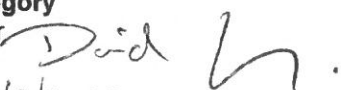
Approved by order of the members of the board of Trustees and signed on their behalf by:

Mr D Gregory

Treasurer

Date:

10/8/2022



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 2021 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 2021 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, 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 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.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with 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 members and 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.

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

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



Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: 16th August 2022

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 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	36,369	17,259	53,628	51,907
Charitable activities	5	632,801	44,361	677,162	505,398
Other trading activities	6	38,597	-	38,597	34,748
Investments	7	48,210	-	48,210	44,714
Other income	8	10,533	-	10,533	27,644
Total income		766,510	61,620	828,130	664,411
Expenditure on:					
Charitable activities	9	785,682	53,468	839,150	734,513
Total expenditure		785,682	53,468	839,150	734,513
Net (expenditure)/income before net gains/(losses) on investments		(19,172)	8,152	(11,020)	(70,102)
Net gains/(losses) on investments		90,152	-	90,152	(4,166)
Net income/(expenditure)		70,980	8,152	79,132	(74,268)
Transfers between funds	21	(4,391)	4,391	-	-
Net movement in funds		66,589	12,543	79,132	(74,268)
Reconciliation of funds:					
Total funds brought forward		1,696,790	18,645	1,715,435	1,789,703
Net movement in funds		66,589	12,543	79,132	(74,268)
Total funds carried forward		1,763,379	31,188	1,794,567	1,715,435

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

The notes on pages 20 to 42 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	177,099	180,853
Investments	16	959,527	879,378
Investment property	15	350,000	350,000
		<u>1,486,626</u>	<u>1,410,231</u>
Current assets			
Stocks	17	3,048	3,147
Debtors	18	83,145	87,017
Cash at bank and in hand		534,785	602,679
		<u>620,978</u>	<u>692,843</u>
Creditors: amounts falling due within one year	19	(313,037)	(337,639)
Net current assets		<u>307,941</u>	<u>355,204</u>
Total assets less current liabilities		<u>1,794,567</u>	<u>1,765,435</u>
Creditors: amounts falling due after more than one year	20	-	(50,000)
Net assets excluding pension asset		<u>1,794,567</u>	<u>1,715,435</u>
Total net assets		<u><u>1,794,567</u></u>	<u><u>1,715,435</u></u>
Charity funds			
Restricted funds	21	31,188	18,645
Unrestricted funds	21	1,763,379	1,696,790
Total funds		<u><u>1,794,567</u></u>	<u><u>1,715,435</u></u>

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: 10/8/2022

Mr D Phipps

Chair

The notes on pages 20 to 42 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	115,854	101,038
Cash flows from investing activities		
Dividends, interests and rents from investments	(48,210)	(44,714)
Proceeds from the sale of tangible fixed assets	760	-
Purchase of tangible fixed assets	(6,149)	(3,185)
Proceeds from sale of investments	193,444	77,182
Purchase of investments	(183,441)	(55,219)
Revaluation of investments	(90,152)	4,166
Net cash used in investing activities	(133,748)	(21,770)
Cash flows from financing activities		
Cash inflows from new borrowing	-	50,000
Repayments of borrowing	(50,000)	-
Net cash (used in)/provided by financing activities	(50,000)	50,000
Change in cash and cash equivalents in the year	(67,894)	129,268
Cash and cash equivalents at the beginning of the year	602,679	473,411
Cash and cash equivalents at the end of the year	534,785	602,679

The notes on pages 20 to 42 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The National Sheep Association has neither the intention or the need to cease its work or significantly reduce the scale of its work. The NSA Trustees routinely discuss risks and potential risks to the association and expenditure and income across the entire association is closely monitored. Should income fall below our projections, the association has reserves which can be drawn on if required. NSA has come through one of the most challenging periods in recent history – with covid-19 forcing the cancellation of two years of NSA sheep events, and Brexit posing an unprecedented risk to the sheep farmers who make up the association's membership. However, the UK sheep sector has had a period of good prices and the loss of trade and exodus of farmers from the sector that was feared at one time has been avoided. The loss of income from NSA sheep events has been felt, but the association has reacted appropriately, managed the risk, and will 'come back with a bang' with the industry crying out for the return of the NSA Sheep Event and NSA Scot Sheep in 2022 and other regional sheep events in 2023. NSA learnt a great deal through the global pandemic, and the move of membership recruitment to be a solely online activity in the absence of face-to-face events stands means it has a robust, hybrid model for the future. This ensures vital membership income, while the model of not relying on subscriptions alone, but also drawing funds from sponsorship, events, funding bids etc, is continually under review to ensure NSA adapts to change and initiates new ideas and developments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

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.

2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

2.5 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)

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% on Cost / 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.

2.6 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. ACCOUNTING POLICIES (continued)

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.

2.11 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 2021**

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 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	36,369	-	36,369	39,154
Grants	-	10,000	10,000	-
Government grants	-	7,259	7,259	12,753
	<u>36,369</u>	<u>17,259</u>	<u>53,628</u>	<u>51,907</u>
TOTAL 2020	<u>39,154</u>	<u>12,753</u>	<u>51,907</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Ram Sales	111,126	-	111,126	9,356
Sheep Farmer Advertising	123,352	-	123,352	101,217
Other Charitable Income	36,894	1,000	37,894	44,039
Sustainable Control of Parasites in Sheep	14,394	-	14,394	3,425
Membership Services	347,035	-	347,035	347,361
RoSA project	-	1,354	1,354	-
RDPE Moredun project	-	20,400	20,400	-
Erasmus project	-	21,607	21,607	-
	<u>632,801</u>	<u>44,361</u>	<u>677,162</u>	<u>505,398</u>
TOTAL 2020	<u>501,382</u>	<u>4,016</u>	<u>505,398</u>	

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Fundraising events	<u>38,597</u>	<u>38,597</u>	<u>34,748</u>
TOTAL 2020	<u>34,748</u>	<u>34,748</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Rental income	20,531	20,531	20,515
Investment income	27,593	27,593	23,776
Interest receivable	86	86	423
	<u>48,210</u>	<u>48,210</u>	<u>44,714</u>
	<u>48,210</u>	<u>48,210</u>	<u>44,714</u>
TOTAL 2020	<u>44,714</u>	<u>44,714</u>	

8. OTHER INCOMING RESOURCES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other income	9,424	9,424	5,446
Promotional items	98	98	433
P & O Booking Service	1,011	1,011	21,765
	<u>10,533</u>	<u>10,533</u>	<u>27,644</u>
	<u>10,533</u>	<u>10,533</u>	<u>27,644</u>
TOTAL 2020	<u>27,644</u>	<u>27,644</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Breeding Improvement Other Costs	61,923	-	61,923	25,330
Membership Services and Enquiries	90,368	-	90,368	89,485
Education and Promotion Other Costs	473,765	53,468	527,233	496,883
Fundraising Costs	159,626	-	159,626	122,815
	<u>785,682</u>	<u>53,468</u>	<u>839,150</u>	<u>734,513</u>
TOTAL 2020	<u>717,783</u>	<u>16,730</u>	<u>734,513</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Breeding Improvement Other Costs	61,923	-	61,923	25,330
Membership Services and Enquiries	5,574	84,794	90,368	89,485
Education and Promotion Other Costs	203,247	323,986	527,233	496,883
Fundraising Costs	64,855	94,771	159,626	122,815
	<u>335,599</u>	<u>503,551</u>	<u>839,150</u>	<u>734,513</u>
TOTAL 2020	<u>234,780</u>	<u>499,733</u>	<u>734,513</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Breeding Improvement Other Costs 2021 £	Membership Services and Enquiries 2021 £	Education and Promotion Other Costs 2021 £	Fundraising Costs 2021 £	Total funds 2021 £	Total funds 2020 £
SCOPS	-	-	2,283	-	2,283	2,217
iSage	-	-	-	-	-	2,028
Sheep Farmer costs	-	-	67,171	-	67,171	72,262
Design and Printing	-	-	13,933	-	13,933	15,751
Next Generation Ambassadors	-	-	4,471	-	4,471	3,997
Branding and Merchandise	-	-	1,090	-	1,090	2,859
Moredun Initiative	-	-	7,501	-	7,501	10,000
DBEIS Grant Expenditure	-	-	-	-	-	10,066
Regional Secretaries & Officers fees	-	-	57,308	-	57,308	55,018
Membership Promotion	-	5,574	-	-	5,574	4,249
Ram sale expenses	52,928	-	-	-	52,928	864
Storage of Semen	8,481	-	-	-	8,481	7,128
P & O Expenditure	514	-	-	-	514	17,338
Subscriptions for other bodies	-	-	2,631	-	2,631	3,092
Awards and Donations	-	-	1,050	-	1,050	360
Costs of generating funds	-	-	-	64,855	64,855	27,551
RoSA project	-	-	3,818	-	3,818	-
RDPE Moredun project	-	-	40,470	-	40,470	-
Erasmus project	-	-	1,521	-	1,521	-
	61,923	5,574	203,247	64,855	335,599	234,780
TOTAL 2020	98,313	4,249	177,650	27,551	234,780	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Membership Services and Enquiries 2021 £	Education and Promotion Other Costs 2021 £	Fundraising Costs 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	63,582	194,485	71,062	329,129	326,353
Staff costs - Governance	-	44,881	-	44,881	46,207
Depreciation	1,668	6,218	1,865	9,751	9,724
Printing, Photocopying, Postage & Stationery	3,874	14,536	4,330	22,740	12,103
General office expenses	46	174	52	272	5,006
Telephone, Computer & Website	4,785	18,015	5,348	28,148	27,637
Travelling expenses & Subsistences	3,458	13,084	3,866	20,408	20,588
Rates, Utilities & Insurance	3,390	12,761	3,788	19,939	18,511
Property Repairs	463	1,743	517	2,723	2,157
Legal & Professional	286	1,076	320	1,682	1,692
Accountancy	679	2,556	759	3,994	12,395
Bank Charges	560	2,108	626	3,294	2,620
Bad Debts	2,003	(1,180)	2,238	3,061	3,536
Governance - Audit Fees	-	10,575	-	10,575	10,075
Board and AGM Meeting Costs	-	2,954	-	2,954	1,129
	<u>84,794</u>	<u>323,986</u>	<u>94,771</u>	<u>503,551</u>	<u>499,733</u>
TOTAL 2020	<u>96,552</u>	<u>339,707</u>	<u>142,911</u>	<u>499,733</u>	

11. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>10,575</u>	<u>10,075</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	277,500	281,210
Social security costs	26,677	17,397
Contribution to defined contribution pension schemes	24,952	27,746
Wages and salaries included within governance	44,881	46,207
	374,010	372,560

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

	2021	2020
	No.	No.
Employees	13	13

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

	2021	2020
	No.	No.
Regional Secretaries and Officers	11	8
Ram Sales Secretaries and Officers	5	1
Regional Event Managers	2	1
	18	10

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:

	2021	2020
	£	£
Regional Secretaries and Officers	28,858	30,945
Ram Sales Secretaries and Officers	28,450	25,500
Regional Events Managers	16,000	9,000

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

	2021	2020
	No.	No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, one or more Trustees has been paid remuneration or has received other benefits from an employment with the Company. The value of Trustees' remuneration and other benefits was as follows:

		2021	2020
		£	£
Mr D Gregory	Other benefits	4,702	10,200

During the year ended 31 December 2021, expenses totalling £2,551 were reimbursed or paid directly to 7 Trustees (2020 - £1,151 to 6 Trustees).

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 January 2021	247,517	9,430	108,669	365,616
Additions	-	-	6,149	6,149
Disposals	-	-	(760)	(760)
At 31 December 2021	247,517	9,430	114,058	371,005
DEPRECIATION				
At 1 January 2021	89,224	9,221	86,318	184,763
Charge for the year	3,343	52	6,356	9,751
On disposals	-	-	(608)	(608)
At 31 December 2021	92,567	9,273	92,066	193,906
NET BOOK VALUE				
At 31 December 2021	154,950	157	21,992	177,099
At 31 December 2020	158,293	209	22,351	180,853

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 January 2021	350,000
At 31 December 2021	<u>350,000</u>

The fair value of the investment property brought forward had 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. Each year the charity reviews this valuation, to determine whether they still considered this to be accurate at the year end and from a review of similar property prices in the area. In 2018 there was a £30k increase in the directors' opinion which was uplifted in the valuation. A revaluation is planned for the 2022 financial year, however the directors believe that there is no significant movement in the valuation for the year ended 31 December 2021.

16. FIXED ASSET INVESTMENTS

	Listed investments £	Unlisted investments £	Total £
COST OR VALUATION			
At 1 January 2021	613,168	266,210	879,378
Additions	183,441	-	183,441
Disposals	(183,444)	(10,000)	(193,444)
Revaluations	53,150	37,002	90,152
AT 31 DECEMBER 2021	<u>666,315</u>	<u>293,212</u>	<u>959,527</u>
NET BOOK VALUE			
AT 31 DECEMBER 2021	<u>666,315</u>	<u>293,212</u>	<u>959,527</u>
AT 31 DECEMBER 2020	<u>613,168</u>	<u>266,210</u>	<u>879,378</u>

17. STOCKS

	2021 £	2020 £
Goods for resale	<u>3,048</u>	<u>3,147</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. DEBTORS

	2021 £	2020 £
DUE WITHIN ONE YEAR		
Trade debtors	44,837	47,448
Other debtors	20,700	20,375
Prepayments and accrued income	17,608	15,862
Tax recoverable	-	3,332
	<u>83,145</u>	<u>87,017</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	36,526	64,596
Other taxation and social security	8,910	7,414
Other creditors	17,577	26,807
Accruals and deferred income	250,024	238,822
	<u>313,037</u>	<u>337,639</u>

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Bank loans	-	50,000

Included within the above are amounts falling due as follows:

BETWEEN TWO AND FIVE YEARS

Bank loans	-	30,000
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OVER FIVE YEARS

Bank loans	-	20,000
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT 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
	681,887	138,521	(208,966)	(11,745)	42,892	642,589
	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2021 £
GENERAL FUNDS						
General Funds	1,014,903	627,989	(576,716)	7,354	47,260	1,120,790
TOTAL UNRESTRICTED FUNDS	1,696,790	766,510	(785,682)	(4,391)	90,152	1,763,379

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2021 £
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. STATEMENT OF FUNDS (CONTINUED)

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 the public goods (PG) tool for assessing sustainability on farms. Using existing information covering environmental, 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.

Investigations into the Distributions of Echinococcus Parasite in Farm Dogs

Echinococcus is a disease hosted by tapeworms in dogs, sheep and cattle and is a serious danger to humans who come into contact with it via grass/soil/droppings. NSA agreed to support work done by Liverpool University to better understand the prevalence of the disease by engaging with our members and surveying them. This work is core to the NSAs charitable objectives relating to promoting health in sheep.

Lameness Study

Lameness in sheep is a serious condition that affects the welfare and productivity capability of flocks. NSA was asked by Warwick University to support its work in identifying the prevalence of lameness conditions, attitudes to it being a serious problem, and the various ways that farmers aim to deal with it. This work has contributed to an increase in farmer awareness of the impact of lameness in sheep flocks and has also contributed to a significant change in attitudes to the problem. This work has contributed significantly to industry ambitions to reduce lameness in the national flock and is in line with the NSAs charitable objectives to promote health in sheep.

DBEIS Grant

In preparation for a potential UK departure from the EU at the end of October 2019 the UK Government's Department for Business, Energy and Industrial Strategy invited applications for grant funding from industry bodies in order to prepare businesses for a 'no-deal' exit from the EU. NSA were successful in applying for funding of £27,700 which allowed us to produce a Brexit Toolkit. The toolkit consisted of written leaflets and case studies, fuller case studies available on the NSA web site, and pod casts from experts and practitioners who had experience of doing some of the things recommended in the material produced.

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

21. STATEMENT OF FUNDS (CONTINUED)

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.

Transfers out of restricted

In previous years there was an under allocation of staff costs against restricted projects, this has been corrected in the current financial year to reflect the full spend of the restricted fund.

**NATIONAL SHEEP ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Central Region	23,578	-	(2,255)	(1,800)	-	19,523
Cymru Region	230,189	13,779	(11,352)	(1,800)	8,662	239,478
Eastern Region	33,091	12,644	(8,885)	(1,800)	-	35,050
Marches Region	14,840	-	(3,365)	(1,050)	-	10,425
Northern Region	83,680	62	(7,847)	(1,800)	-	74,095
Northern Ireland Region	46,256	279	(9,366)	4,200	-	41,369
Scottish Region	19,250	2,817	(19,784)	(1,800)	-	483
South East Region	321	1,437	(1,758)	-	-	-
South West Region	23,911	37	(5,926)	(1,800)	-	16,222
South West Ram Sales	76,307	2,737	(2,238)	(1,800)	(659)	74,347
Wales & Border Ram Sales	182,756	13,205	(32,096)	(500)	7,530	170,895
	<u>734,179</u>	<u>46,997</u>	<u>(104,872)</u>	<u>(9,950)</u>	<u>15,533</u>	<u>681,887</u>
	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
GENERAL FUNDS						
General Funds - all funds	<u>1,036,918</u>	<u>600,645</u>	<u>(612,911)</u>	<u>9,950</u>	<u>(19,699)</u>	<u>1,014,903</u>
TOTAL UNRESTRICTED FUNDS	<u>1,771,097</u>	<u>647,642</u>	<u>(717,783)</u>	<u>-</u>	<u>(4,166)</u>	<u>1,696,790</u>

**NATIONAL SHEEP ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
RESTRICTED FUNDS						
British Heritage Sheep	8,825	1,000	(1,949)	-	-	7,876
Echinococcus Parasite in Farm Dogs	899	-	-	-	-	899
Lameness Study	1,219	-	-	-	-	1,219
DBEIS	7,663	-	-	-	-	7,663
iSage	-	3,016	(2,028)	-	-	988
Job Retention Scheme	-	12,753	(12,753)	-	-	-
	<u>18,606</u>	<u>16,769</u>	<u>(16,730)</u>	<u>-</u>	<u>-</u>	<u>18,645</u>
TOTAL OF FUNDS	<u>1,789,703</u>	<u>664,411</u>	<u>(734,513)</u>	<u>-</u>	<u>(4,166)</u>	<u>1,715,435</u>

22. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT 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>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. SUMMARY OF FUNDS (CONTINUED)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
Designated funds	734,179	46,997	(104,872)	(9,950)	15,533	681,887
General funds	1,036,918	600,645	(612,911)	9,950	(19,699)	1,014,903
Restricted funds	18,606	16,769	(16,730)	-	-	18,645
	<u>1,789,703</u>	<u>664,411</u>	<u>(734,513)</u>	<u>-</u>	<u>(4,166)</u>	<u>1,715,435</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT 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 2021**

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	180,853	-	180,853
Fixed asset investments	879,378	-	879,378
Investment property	350,000	-	350,000
Current assets	653,463	39,380	692,843
Creditors due within one year	(316,904)	(20,735)	(337,639)
Creditors due in more than one year	(50,000)	-	(50,000)
TOTAL	1,696,790	18,645	1,715,435

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

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	79,132	(74,268)
ADJUSTMENTS FOR:		
Depreciation charges	9,751	9,593
Depreciation on disposals	(608)	-
Dividends, interests and rents from investments	48,210	44,714
Decrease in stocks	99	124
Decrease in debtors	3,875	28,531
(decrease)/Increase in creditors	(24,605)	92,344
NET CASH PROVIDED BY OPERATING ACTIVITIES	115,854	101,038

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	534,785	602,679
TOTAL CASH AND CASH EQUIVALENTS	534,785	602,679

**NATIONAL SHEEP ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	602,679	(67,894)	534,785
Debt due after 1 year	(50,000)	50,000	-

27. 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 £24,952 (2020: £27,746). Contributions totaling £Nil (2020: £2,860) were payable to the fund at the Balance Sheet date and are included in creditors.

28. OPERATING LEASE COMMITMENTS

At 31 December 2021 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	4,023	6,399
Later than 1 year and not later than 5 years	837	1,116
	<u>4,860</u>	<u>7,515</u>

29. RELATED PARTY TRANSACTIONS

During the year £18,527 (2020: £35,765) was paid to companies with directors in common control. At the year end £9,669 (2020: £14,688) was due to these companies.

During the year £3,703 (2020: £Nil) was received by companies with directors in common control. At the year end £Nil (2020: £Nil) was due from these companies.

During the year salaries of £20,373 (2020: £17,485) were paid to direct family members of trustees employed by the charity.

During the year payments of £Nil (2020: £10,200) were made to a trustee for consultancy services.

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