

Charity Registration No. 249255 (England & Wales) and SC042853 (Scotland)

Company Registration No. 00037818 (England and Wales)



NATIONAL SHEEP ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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NATIONAL SHEEP ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr D Gregory Mr A Barr Mr B Griffiths Mr P Wozencraft Mr E Thomas Mr C Lewis Mr J Geldard Ms A McFadzean Mr H Dunn (Appointed 19 January 2018) Mr D Phipps (Appointed 19 January 2018) Mr T Ward (Appointed 12 March 2018) Mr P Myles (Appointed 2 May 2018) Mr P Delbridge (Appointed 2 May 2018) Mr J Farmer (Appointed 9 January 2019)
Honorary President	The Duke of Montrose <i>retired 09.08.2017</i> <i>LORD INGLEWOOD appointed 09.08.2017</i>
Chief Executive	P Stocker
Charity number	249255 (England & Wales) SC042853 (Scotland)
Company number	00037818
Registered office	The Sheep Centre Blackmore Park Road MALVERN Worcestershire WR13 6PH
Auditors	Old Mill Audit LLP Wessex House Challemead Business Park MELKSHAM Wiltshire SN12 8BU
Bankers	Lloyds Bank PLC 48 Belle Vue Terrace MALVERN Worcestershire WR14 4QG
Solicitors	Roythornes 14 Park Row NOTTINGHAM NG1 6GR

NATIONAL SHEEP ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Investment advisors

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

NATIONAL SHEEP ASSOCIATION

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NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees present their report and accounts for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association dated 21 December 1892 as amended, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016).

Objectives and activities

Summary of Objectives

The NSA's Articles state the objects for the Association as: "To encourage and improve breeding, management and promotion of sheep as a species and as an activity in the United Kingdom and elsewhere in pursuit of advancing education, health, heritage, science, environmental protection and improvement and animal welfare for the public benefit."

There have been no material changes in the Association's pursuance of its objects in that NSA takes a broad interpretation of 'promotion of the activity' to encompass the setting up of private and public dialogue with organisations whose vested interests might affect beneficially or adversely the sheep industry. To this extent it engages in communication with representatives from various sectors including sheep health, welfare, genetic development, conservation and the environment, and supply chains. It is also involved on a regular basis in informing Government and non-Governmental organisations of the effect of their policies on the sheep sector. We promote the principle of a supportive policy and regulatory regime that will allow the industry to thrive and sheep and sheep farming to continue to provide benefits to the environment, local economies and rural infrastructure. NSA also encourages sheep farmers to improve the breeding and management of their sheep, in pursuance of our objectives. Education of young people involved or interested in sheep farming remained key to NSA's activities too and the NSA Next Generation programme continued to develop in 2018. Increasingly; whilst at the same time making plans for a new travel bursary scheme to be run in 2019 in conjunction with the Company of Merchants of the Staple of England. Increasingly, and with the aid of modern technology, the Association is engaging in direct communication with the public with the aim of increasing their understanding and support.

Explanation of Main Objectives for the Year

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

- Grow membership to increase engagement and assist with communicating messages;
- Disseminate information to sheep farmers;
- Consult with members, making use of the Association's regional structure, to gain a broad view of opinion;
- Compile a considered view to convey sheep industry views to appropriate bodies and the public;
- Provide a programme of activity to encourage and support young people entering the industry or considering it.
- Using all available routes, to raise awareness and give practical guidance regarding the opportunities available through improving breeding, nutrition and general management on sheep farms.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Main Aims for the Year

In order to achieve its objectives, NSA had specific aims in 2018 that it felt were particularly important for the sheep farming sector in the calendar year. These included:-

- Continuing dialogue with government representatives and members in all devolved nations regarding the Brexit negotiations.
- Continuing participating in an increasingly effective and expanding coalition of livestock industry organisations to share knowledge and positions relating to Brexit, offering a point of knowledgeable support to Ministers on issues such as trade, farm support, labour -both domestic and migrant, and regulation.
- Consultation with Government and relevant civil servants to reach agreement on changing the method for determining the age for carcass splitting, and continued pressure for Defra and the Food Standards Agency to consider making this change to improve market opportunities and reduce unnecessary red-tape. Collaboration with NFU and other industry stakeholders will continue.
- Promotion of the economic, social, and environmental importance of sheep in uplands to maintain rural communities, rural businesses and environmental diversity, particularly in response to calls for rewilding and claims that sheep are environmentally damaging. Increasingly, use this knowledge and understanding to defend the environmental position of sheep and sheep farming in other areas.
- Strengthening of our existing knowledge transfer activity to drive production efficiencies, via Sheep Farmer magazine, the NSA Weekly Email Update and NSA sheep events in particular.
- Delivery and support of activity to slow the development of anthelmintic resistance by continuing to provide secretariat services for SCOPS and contribute to the SCOPS steering group activity on research, monitoring and communication.
- Similar levels and approaches of work to address the challenge to reduce antibiotic use in sheep farming in line with global campaigns and national targets for reductions and more responsible use.
- Increased dialogue with NSA ram sale committees, holding an annual meeting in conjunction with the UK Policy and Technical Committee, to encourage the promotion of NSA ram sales in line with industry best practice messages.
- Collection of farm case studies and increased dialogue with police forces and canine organisations to highlight the seriousness of dog attacks on sheep. To raise awareness via social media of the public and dog owners to the damage dogs can do and encourage the police to treat sheep worrying seriously.
- Expanding the NSA Next Generation programme to support young people entering the sheep sector, particularly in terms of encouraging more match-making opportunities, providing mentoring information and helping young people find employment and work experience opportunities.
- Increased understanding of the balance between the legal requirements and industry requirements for sheep identification and movement recording/reporting systems, with a view to creating an easier system and securing an official tolerance in the future.
- Participation in funded research to ensure that outcomes are of more relevance and benefit to sheep keepers. Our Livestock Researcher continues to participate in funding bids for several research projects alongside carrying out research work on projects where funding is obtained.
- Review of sheep stratification within the modern UK sheep sector and promotion of understanding of its unique role in this country
- Update of existing 'Role of Trees in Sheep Farming' booklet in conjunction with Woodland Trust to emphasise the importance of integrating trees into farmland.

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

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

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Significant Activities for Achieving Objectives

A new focus was given to the NSA communications team, with work divided into two clear camps. The first is policy and technical communications to share information with sheep farmers, the wider industry and Government/ non-Government bodies with a direct influence on the sector. The second is event, activities and campaigns communications, to ensure sheep farming members are aware of and take advantage of the knowledge exchange opportunities available to them. The latter will be strengthened further in 2019 with the addition of an Activities & Campaigns Officer to the staff. The NSA Weekly Email Update continued to increase in circulation and Sheep Farmer remained the central pillar of communication to all members. NSA Eastern Region organised the highly successful Eastern Region Winter Fair in January which was followed by NSA Scot Sheep, NSA Sheep 2018 and NSA South Sheep. The events were well attended and busy programmes including seminars, workshops, demonstrations, and competitions ensured visitors had access to information and encouragement to increase their awareness of best practice, industry requirements and topical issues.

Voluntary Assistance

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

Achievements and performance

As part of the continual transfer of information from all parts of the Association to the Trustees an Activities Report is produced for each Board meeting which details all the activities, policy work, membership figures as well as governance matters from the preceding quarter. These reports are available at www.nationalsheep.org.uk/about/nsa-governance and give a much fuller picture of the day-to-day functioning of the Association than can be covered in the formal Trustees Annual Report.

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

Fundraising policy

NSA's principal funding is through membership subscriptions for people working in the sheep industry and corporate sponsorship packages for commercial companies wanting to work with NSA. NSA does not share membership data with anybody. Income is also raised through organisation of business-to-business 'sheep events' and the sale of advertising. NSA does not fundraise through public appeals.

NSA does not use commercial participators or professional fundraisers, therefore monitoring is not required.

NSA is registered with the Fundraising Regulator and has not received any fundraising complaints.

NSA does not approach the public to donate; all funding from the public (which is essentially limited to people working in the sheep industry, due to the remit of our work) is in the form of subscriptions for membership, payment to attend sheep events and, to a much less extent, occasional activities such as the purchase of raffle tickets at shows and events.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial review

Reserves

The level of free reserves held by the Association at the year-end of 2018 amounted to £846,528 (2017 £844,186) of which £543,744 (2017 £500,227) was represented by cash. The majority of this is held in the account of the NSA Regions and Ram Sales and is the equivalent of approximately 16 months of expenditure (not including expenses directly associated with the events). Reserves held in head office are sufficient to cover one month's salary costs and this is felt to be sufficient, as the major costs incurred here are covered by the subscriptions income, which is relatively secure. The Trustees believe that ideally the reserves in the NSA Regions and Ram Sales should be equivalent to 24 months of expenditure (as above) as this is the period between the major fundraising events where income is generated. However, they are mindful of problems in the industry over previous years and, therefore, the ideal level will not be attained quickly. The Trustees are comfortable that the overall level of free reserves is appropriate to the Association's circumstances at present. The Trustees feel that the current level of reserves are appropriate for the current work of the Association – this to include headquarters work, regional activities and ram sales. The Trustees feel that the most appropriate investment for the liquid assets of the Association is to use a deposit account in order to ensure accessibility.

Principal Funding Sources

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

The legacy we received in 2014 and 2015 is now well established with a portfolio managed by Speirs and Jeffrey. The fund is structured to maintain its value in relation to inflation and contribute financially to the running of the NSA. The investment company provides regular statements and updates throughout the year and for individual meetings.

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

Investment policy

The investment with Speirs & Jeffrey is on a medium risk tolerance with the performance viewed in the medium/long term, ie 3-5 year cycles. Speirs and Jeffrey have discretion to manage the portfolio and they report quarterly to the Board. A review of investment objectives and risk classifications was carried out with Speirs & Jeffrey in July 2017 and the Trustees are satisfied that systems are in place to mitigate exposure to the major risks.

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

The trustees confirm that the major risks to which the Charity is exposed are regularly reviewed. Improvements continue to be made to financial reporting systems. The improvements to financial reporting introduced in 2015 have continued to be reviewed and applied and are contributing to harmonising procedures across the Association.

Plans for future periods

The aims and key objectives of the Association are to continue to disseminate relevant information to sheep farmers and promote greater understanding of the industry to the general public and to organisations in a position to affect sheep farmers and sheep farming.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

The importance of this work and the vulnerability of sheep farming has increased during the year due to the continuing uncertainty over the Brexit negotiations and the market uncertainty that comes with it. The Association remains concerned for the long-term financial viability and sustainability of sheep farming in UK and therefore for the ability of sheep farmers to stay in business, particularly given increased volatility of farmgate prices and the challenge of covering costs of production.

The plethora of rules and regulations, together with the cost of their implementation, in many cases far exceeds the satisfaction of sheep farming and this, combined with sharply increased costs associated with the operation of a sheep farming business, continues to put financial and moral rewards under pressure, highlighted by the shift in future farm payments requiring the return of public goods rather than food security in a post-Brexit world.

There is an increased level of interest being shown by young people and new entrants and this needs to be backed up by ensuring the industry is viable, successful and rewarding.

It remains important to defend the criticisms of sheep farming's impact on the natural environment and negative links between red meat and human health. Evidence exists showing the positive interaction between sheep farming and the environment, and the importance of red meat in healthy diets, and the NSA will continue to provide a voice for the sheep sector to ensure it can defend itself against unjustifiable and often inaccurate criticisms from the anti-livestock farming lobby, gaining an unreasonable level of media attention.

The Trustees believe it is an essential part of the Association's work to convey positive and optimistic messages to industry, the public, and those in positions of authority, as well as raising concerns over obstacles and barriers and working to take advantage of opportunities that exist.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Structure, governance and management

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

Trustees

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

Mr D Gregory	
Mr A Barr	
Mr J Blaney	(Resigned 9 January 2019)
Mr M Credland	(Resigned 19 January 2018)
Mrs M Dalton	(Resigned 12 March 2018)
Mr A Foulds	(Resigned 19 January 2018)
Mr B Griffiths	
Mrs S MacPherson	(Resigned 2 May 2018)
Mr P Wozencraft	
Mr E Thomas	
Mr C Lewis	
Mr J Geldard	
Ms A McFadzean	
Mr H Dunn	(Appointed 19 January 2018)
Mr D Phipps	(Appointed 19 January 2018)
Mr T Ward	(Appointed 12 March 2018)
Mr P Myles	(Appointed 2 May 2018)
Mr P Delbridge	(Appointed 2 May 2018)
Mr J Farmer	(Appointed 9 January 2019)

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

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

Organisation

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

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Management and Staff in 2018

NSA headquarters remains at Malvern. The main delivery of the policies is undertaken by the Chief Executive, supported by others. Phil Stocker continued as NSA Chief Executive and oversaw several changes in staff during the year. Hannah Park resigned from the role of Communications Officer and was replaced by Eleanor Phipps. Katie James' position was reviewed at the time, stepping up to four days a week and taking on additional responsibility in response to Hannah's departure and Joanne Briggs returning from maternity leave in January at four days a week instead of her previous five. Abi Swaffield resigned from the role of Membership Recruitment Officer after the main show season and the post was left vacant while consideration was given to the role of membership recruitment within the organisation structure. Nicola Noble continued her work to ensure NSA met its requirements under the new General Data Protection Regulation that became law in May 2018. Other NSA staffing was Joanne as Communications Manager and Policy Officer for England, Julie Jennings as Association Secretary, Gill Callow as Membership Secretary, Katie as Communications Officer, Helen Davies as Sponsorship and Corporate Manager, Karen Sumner as Bookkeeper, Nicola as Livestock Researcher Officer and George Milne as Scottish Development Officer. Various self-employed staff work at shows, meetings and events and in the delivery of policy work around the devolved parts of the UK.

There was a staff restructuring in November that saw Joanne's role change to Operations Director, managing the day-to-day function of NSA Head Office and offering additional support to the regions in this area. This was done to needs and priorities of NSA, including the additional policy work done by Phil in response to Brexit. Eleanor and Katie's roles were slightly adjusted to reflect this change and line management for Nicola, Gill and parts of Helen's role now come into Joanne as well. A new role of NSA Activities & Campaigns Officer was created, to fit into this new structure, to offer support to regions where needed and pick up the membership recruitment work previously done by Abi. Recruitment for this role began just before Christmas.

NSA Regions and Representation

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

Related Parties

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

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of trustees' responsibilities

The trustees, who are also the directors of National Sheep Association for the purpose of company law, are responsible for preparing the Trustees' Report and the 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 which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

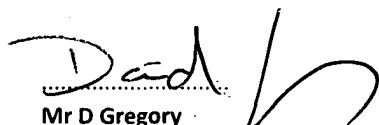
Auditor


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

Disclosure of information to auditor

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

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


Mr D Gregory
Trustee
Dated: 9/8/19


Mr B Griffiths
Trustee
Dated: 9/8/19

NATIONAL SHEEP ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF NATIONAL SHEEP ASSOCIATION

Opinion

We have audited the accounts of National Sheep Association (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, balance sheet, Statement of Cash Flows and the notes to the accounts, 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 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditor's responsibilities for the audit of the accounts 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 accounts in the UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

NATIONAL SHEEP ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF NATIONAL SHEEP ASSOCIATION

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in 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 there is a material misstatement in the accounts or a material misstatement of the other information. 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.

Opinions 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 (incorporating directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

NATIONAL SHEEP ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF NATIONAL SHEEP ASSOCIATION

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts 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 auditor's 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.

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

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that act and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Old Mill Audit LLP

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

4/9/19
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Accountants
Statutory Auditor

Wessex House
Challemead Business Park
MELKSHAM
Wiltshire
SN12 8BU

Old Mill Audit LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

NATIONAL SHEEP ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Donations and legacies	3	419,134	35,449	454,583	437,257
Charitable activities	4	241,457	33,864	275,321	261,178
Other trading activities	5	440,384	-	440,384	476,895
Investments	6	60,479	-	60,479	45,108
Other income	7	6,722	-	6,722	24,998
Total income		1,168,176	69,313	1,237,489	1,245,436
<u>Expenditure on:</u>					
Raising funds	8	409,403	-	409,403	444,505
Charitable activities	9	794,547	46,314	840,861	840,428
Total resources expended		1,203,950	46,314	1,250,264	1,284,933
Net gains/(losses) on investments	13	(45,532)	-	(45,532)	40,308
Net (outgoing)/incoming resources before transfers		(81,306)	22,999	(58,307)	811
Gross transfers between funds		5,350	(5,350)	-	-
Net movement in funds		(75,956)	17,649	(58,307)	811
Fund balances at 1 January 2018		1,685,972	72,913	1,758,885	1,758,074
Fund balances at 31 December 2018		1,610,016	90,562	1,700,578	1,758,885

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

NATIONAL SHEEP ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		184,631		192,055
Investment properties	15		350,000		320,000
Investments	16		790,226		845,567
			<u>1,324,857</u>		<u>1,357,622</u>
Current assets					
Stocks	17	1,958		1,597	
Debtors	18	105,005		90,853	
Cash at bank and in hand		543,744		500,227	
		<u>650,707</u>		<u>592,677</u>	
Creditors: amounts falling due within one year	19	(244,986)		(191,414)	
Net current assets			<u>405,721</u>		<u>401,263</u>
Total assets less current liabilities			<u>1,730,578</u>		<u>1,758,885</u>
Provisions for liabilities			<u>(30,000)</u>		<u>-</u>
Net assets			<u>1,700,578</u>		<u>1,758,885</u>
Income funds					
Restricted funds	23		90,562		72,913
<u>Unrestricted funds</u>					
Designated funds	24	578,857		649,731	
General unrestricted funds	24	1,031,159		1,036,241	
		<u></u>	<u>1,610,016</u>	<u></u>	<u>1,685,972</u>
			<u>1,700,578</u>		<u>1,758,885</u>

NATIONAL SHEEP ASSOCIATION

BALANCE SHEET (CONTINUED)

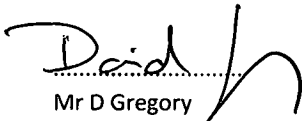
AS AT 31 DECEMBER 2018

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2018, although an audit has been carried out under section 144 of the Charities Act 2011.

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

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

The accounts were approved by the Trustees on 9/8/19


Mr D Gregory
Trustee


Mr B Griffiths
Trustee

Company Registration No. 00037818

NATIONAL SHEEP ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29		5,396		(69,448)
Investing activities					
Purchase of tangible fixed assets		(2,167)		(6,231)	
Purchase of investments		(38,567)		(262,326)	
Proceeds on disposal of investments		18,376		111,207	
Interest received		60,479		45,108	
Net cash generated from/(used in) investing activities			38,121		(112,242)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			43,517		(181,690)
Cash and cash equivalents at beginning of year			500,227		681,917
Cash and cash equivalents at end of year			543,744		500,227

NATIONAL SHEEP ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

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

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

The 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 investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Charitable funds

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

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

1.4 Incoming resources

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

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

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

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

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Subscription income is recognised on receipt. If any of this subscription relates to the following period, then this is included within deferred income.

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

1.5 Resources expended

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

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

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

1.6 Tangible fixed assets

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

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

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

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

Items over £200 are capitalised.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Investment properties

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

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

1.8 Fixed asset investments

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

1.9 Impairment of fixed assets

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

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

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

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

1.10 Stocks

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

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

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

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

Basic financial assets

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

Basic financial liabilities

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

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

Derecognition of financial liabilities

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

1.13 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.14 Retirement benefits

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

1.15 Leases

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

2 Critical accounting estimates and judgements

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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. This year the directors believe that the valuation has increased.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2018	2018	2018	2017
	£	£	£	£
Donations and gifts	62,196	-	62,196	55,861
Grants	-	35,449	35,449	44,519
Membership fees	356,938	-	356,938	336,877
	<u>419,134</u>	<u>35,449</u>	<u>454,583</u>	<u>437,257</u>
For the year ended 31 December 2017	<u>392,738</u>	<u>44,519</u>		<u>437,257</u>

4 Charitable activities

	Ram Sales	Sheep Farmer Advertising	Sustainable Welsh Commons Control of Parasites in Sheep	Forum	Total	Total 2017
	£	£	£	£	£	£
Other income	<u>148,762</u>	<u>92,695</u>	<u>31,038</u>	<u>2,826</u>	<u>275,321</u>	<u>261,178</u>
Analysis by fund						
Unrestricted funds	148,762	92,695	-	-	241,457	
Restricted funds	-	-	31,038	2,826	33,864	
	<u>148,762</u>	<u>92,695</u>	<u>31,038</u>	<u>2,826</u>	<u>275,321</u>	
For the year ended 31 December 2017						
Unrestricted funds	162,402	78,648	-	-		241,050
Restricted funds	-	-	17,263	2,865		20,128
	<u>162,402</u>	<u>78,648</u>	<u>17,263</u>	<u>2,865</u>		<u>261,178</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Other trading activities

	2018 £	2017 £
Fundraising events	440,384	476,895

6 Investments

	2018 £	2017 £
Rental income	17,189	21,430
Investment Income	36,191	16,072
Dividends Received	6,054	6,506
Interest receivable	1,045	1,100
	<u>60,479</u>	<u>45,108</u>

7 Other income

	2018 £	2017 £
Other income	5,637	8,824
Carcass Units Hire	-	9,875
Promotional Items	364	258
P & O	721	6,041
	<u>6,722</u>	<u>24,998</u>

8 Raising funds

	2018 £	2017 £
<u>Fundraising and publicity</u>		
Staging fundraising events	277,712	315,616
Staff costs	42,480	42,631
Support costs	89,211	86,258
	<u>409,403</u>	<u>444,505</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Charitable activities

	Breeding Improvement Other Costs 2018 £	Membership Services and Enquiries 2018 £	Education and Promotion Other Costs 2018 £	Total 2018 £	Total 2017 £
iSage project	-	-	3,738	3,738	3,885
Carcass Unit Costs	-	-	840	840	11,392
Costs Relating to Sheep Farmer	-	-	63,191	63,191	51,785
Membership Promotion	-	-	33,945	33,945	51,729
Storage of Semen	-	-	4,961	4,961	7,933
Make More of Mutton	-	-	14,795	14,795	10,605
Room Hire & Refreshments for Meetings & Conferences	-	-	22,499	22,499	16,764
Regional Secretaries & Officers Fees	-	-	38,433	38,433	61,148
Awards, Sponsorship & Donations	-	-	4,198	4,198	7,279
Subscriptions for Other Bodies	-	-	4,475	4,475	2,136
Ram Longevity	-	-	9,121	9,121	21,588
SCOPS & Other Projects	-	-	33,869	33,869	27,976
Ram Sale Expenses	135,038	-	30,000	165,038	139,068
	<u>135,038</u>	<u>-</u>	<u>264,065</u>	<u>399,103</u>	<u>413,288</u>
Share of support costs (see note 10)	-	162,678	233,522	396,200	383,085
Share of governance costs (see note 10)	-	-	45,558	45,558	44,055
	<u>135,038</u>	<u>162,678</u>	<u>543,145</u>	<u>840,861</u>	<u>840,428</u>
Analysis by fund					
Unrestricted funds	135,038	162,678	496,831	794,547	786,581
Restricted funds	-	-	46,314	46,314	53,847
	<u>135,038</u>	<u>162,678</u>	<u>543,145</u>	<u>840,861</u>	<u>840,428</u>
For the year ended 31 December 2017					
Unrestricted funds	139,068	157,293	490,220		786,581
Restricted funds	-	-	53,847		53,847
	<u>139,068</u>	<u>157,293</u>	<u>544,067</u>		<u>840,428</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Support costs

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	311,606	39,358	350,964	339,794	
Depreciation	9,591	-	9,591	9,700	
Printing, Photocopying, Postage & Stationery	26,749	-	26,749	29,663	
General Office Expenses	5,690	-	5,690	4,529	
Telephone, Computer & Website	32,849	-	32,849	18,612	
Travelling Expenses & Subsistence	52,947	-	52,947	44,565	
Rates, Utilities & Insurance	18,958	-	18,958	15,040	
Property Repairs	6,472	-	6,472	13,541	
Legal & Professional	9,645	-	9,645	14,877	
Accountancy	5,048	-	5,048	6,014	
Bank Charges	2,490	-	2,490	2,063	
Bad Debts	3,366	-	3,366	9,000	
Audit fees	-	6,200	6,200	6,000	Governance
	<u>485,411</u>	<u>45,558</u>	<u>530,969</u>	<u>513,398</u>	
Analysed between					
Fundraising	89,211	-	89,211	86,258	
Charitable activities	396,200	45,558	441,758	427,140	
	<u>485,411</u>	<u>45,558</u>	<u>530,969</u>	<u>513,398</u>	

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

Staff Costs & Other Costs

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

In addition to the audit fees shown above, included within support costs are fees payable to the auditor for accountancy and other services of £5,048 (2017:£6,014).

Governance costs includes payments to the auditors of £6,200 (2017:£6,000) for audit fees.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, none (2017:1) were paid £nil for services (2017:£3,657). Also, 13 (2017:14) of them were reimbursed a total of £7,795 (2017:£10,199) of travel and other expenses relating to their role as trustees.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Employees

Number of employees

Honorarium and Subcontractors

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

	2018 Number	2017 Number
Regional Secretaries and Officers	8	9
Ram Sales Secretaries and Officers	6	5
Regional Event Managers	7	5
	<u>21</u>	<u>19</u>

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

Payments to Regional Managers	£29,970
Payments to Ram Sales Managers	£30,200
Payments to Regional Event Managers	£32,480

In addition to the honorarium and subcontractors, the average monthly number of person employed by the charity during the year was 11 (2017 - 11).

Employment costs	2018 £	2017 £
Wages and salaries	354,528	344,163
Social security costs	26,249	25,135
Other pension costs	12,667	13,127
	<u>393,444</u>	<u>382,425</u>

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

	2018 Number	2017 Number
£70,000 - £80,000	<u>1</u>	<u>1</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Net gains/(losses) on investments

	2018 £	2017 £
Revaluation of investments	(75,532)	40,308
Revaluation of investment properties	30,000	-
	<u>(45,532)</u>	<u>40,308</u>

14 Tangible fixed assets

	Land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2018	247,517	132,295	9,430	389,242
Additions	-	2,167	-	2,167
Disposals	-	(25,905)	-	(25,905)
At 31 December 2018	<u>247,517</u>	<u>108,557</u>	<u>9,430</u>	<u>365,504</u>
Depreciation and impairment				
At 1 January 2018	77,746	110,507	8,934	197,187
Depreciation charged in the year	4,408	5,059	124	9,591
Eliminated in respect of disposals	-	(25,905)	-	(25,905)
At 31 December 2018	<u>82,154</u>	<u>89,661</u>	<u>9,058</u>	<u>180,873</u>
Carrying amount				
At 31 December 2018	<u>165,363</u>	<u>18,896</u>	<u>372</u>	<u>184,631</u>
At 31 December 2017	<u>169,771</u>	<u>21,788</u>	<u>496</u>	<u>192,055</u>

15 Investment property

	2018 £
Fair value	
At 1 January 2018	320,000
Net gains or losses through fair value adjustments	30,000
At 31 December 2018	<u>350,000</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Investment property

(Continued)

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, the directors believe that this valuation has increased by the amount noted above.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 01 January 2018	609,998	235,569	845,567
Additions	38,567	-	38,567
Unrealised Gains/(Losses)	(69,345)	(6,510)	(75,855)
Realised Gains/(Losses)	323	-	323
Disposals	(18,376)	-	(18,376)
	<u>561,167</u>	<u>229,059</u>	<u>790,226</u>
At 31 December 2018			
	<u>561,167</u>	<u>229,059</u>	<u>790,226</u>
Carrying amount			
At 31 December 2018	<u>561,167</u>	<u>229,059</u>	<u>790,226</u>
At 31 December 2017	<u>609,998</u>	<u>235,569</u>	<u>845,567</u>

17 Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>1,958</u>	<u>1,597</u>

18 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	61,463	51,291
Other debtors	32,295	18,497
Prepayments and accrued income	11,247	21,065
	<u>105,005</u>	<u>90,853</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Other taxation and social security		4,498	-
Deferred income	21	166,387	119,034
Trade creditors		38,902	41,001
Other creditors		9,093	4,379
Accruals and deferred income		26,106	27,000
		<u>244,986</u>	<u>191,414</u>

Provisions for liabilities

	2018 £	2017 £
Provision for VAT	<u>30,000</u>	<u>-</u>

Movements on provisions:

	Provision for VAT £
Additional provisions in the year	<u>30,000</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Deferred income

	2018 £	2017 £
Other deferred income	166,387	119,034

Deferred income is included in the financial statements as follows:

	2018 £	2017 £
Current liabilities	166,387	119,034
	166,387	119,034

Movement in the year	2018 £	2017 £
At 1 January 2018	119,034	147,676
Amount released to income earned from charitable activities	(119,034)	(147,676)
Amount deferred in the year	166,387	119,034
At 31 December 2018	166,387	119,034

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

22 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit and loss in respect of defined contribution schemes was £12,667 (2017:£13,127)

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Restricted funds

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

	Movement in funds				
	Balance at 1 January 2018	Incoming resources	Resources expended	Transfers	Balance at 31 December 2018
	£	£	£	£	£
Sustainable Control of Parasites in Sheep	20,793	31,038	(32,586)	-	19,245
Welsh Commons Forum	8,318	2,826	(869)	-	10,275
iSage	22,885	28,099	(3,738)	-	47,246
Ram Longevity	5,350	-	-	(5,350)	-
British Heritage Sheep	15,567	7,350	(9,121)	-	13,796
	<u>72,913</u>	<u>69,313</u>	<u>(46,314)</u>	<u>(5,350)</u>	<u>90,562</u>

Prior Year

	Movement in funds				
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers	Balance at 31 December 2017
	£	£	£	£	£
Sustainable Control of Parasites in Sheep	21,657	17,262	(19,414)	1,288	20,793
Welsh Commons Forum	6,927	2,865	(1,474)	-	8,318
iSage	26,770	-	(3,885)	-	22,885
Ram Longevity	5,471	21,469	(21,590)	-	5,350
British Heritage Sheep	-	23,050	(7,483)	-	15,567
	<u>60,825</u>	<u>64,646</u>	<u>(53,846)</u>	<u>1,288</u>	<u>72,913</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Restricted funds

(Continued)

Restricted funds:

Sustainable control of parasites in sheep

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

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

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

Welsh Commons Forum

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

British Heritage Sheep Project

This project is grant funded by "The Prince's Countryside Fund" and supports a feasibility study to address the key threats 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 will run for 4 years. The project aims to "improve the overall sustainability and innovative capacity of the sheep and goat sector in Europe by:

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

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

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

Ram Longevity

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

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

NATIONAL SHEEP ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

24 Unrestricted funds

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

	Balance at 1 January 2018	Incoming resources	Movement in funds			Balance at 31 December 2018
	£	£	Resources expended	Transfers	Revaluations, gains and losses	£
			£	£	£	
Central Region	26,676	-	(3,378)	-	-	23,298
Cymru Region	165,037	1,606	(17,903)	-	-	148,740
Eastern Region	22,166	16,938	(10,724)	-	-	28,380
Marches Region	17,512	6,000	(3,843)	-	-	19,669
Northern Region	68,381	2,360	(16,740)	-	-	54,001
Northern Ireland Region	44,164	13,192	(18,930)	-	-	38,426
Scottish Region	35,521	150,495	(154,656)	-	-	31,360
South East Region	9,252	36,089	(40,014)	-	-	5,327
South West Region	1,169	8,536	(3,756)	-	-	5,949
South West Ram Sales	74,884	4,038	(11,496)	-	(4,549)	62,877
Wales & Border Ram Sales	184,969	145,072	(162,700)	-	(6,511)	160,830
Designated funds	649,731	384,326	(444,140)	-	(11,060)	578,857
General funds	1,036,241	783,850	(759,810)	5,350	(34,472)	1,031,159
Total unrestricted funds	1,685,972	1,168,176	(1,203,950)	5,350	(45,532)	1,610,016

NATIONAL SHEEP ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

24	Unrestricted funds						(Continued)
Prior Year		Movement in funds					
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 31 December 2017	
	£	£	£	£	£	£	
Central Region	24,753	12,804	(9,081)	(1,800)	-	26,676	
Cymru Region	130,179	105,816	(69,158)	(1,800)	-	165,037	
Eastern Region	19,598	12,025	(7,657)	(1,800)	-	22,166	
Marches Region	15,198	450	(2,336)	4,200	-	17,512	
Northern Region	29,244	139,932	(98,995)	(1,800)	-	68,381	
Northern Ireland Region	35,516	29,734	(24,286)	3,200	-	44,164	
Scottish Region	48,853	89,566	(101,098)	(1,800)	-	35,521	
South East Region	17,286	3,491	(9,725)	(1,800)	-	9,252	
South West Region	15,066	66,818	(79,415)	(1,300)	-	1,169	
South West Ram Sales	70,584	8,538	(3,738)	(500)	-	74,884	
Wales & Border Ram Sales	167,478	164,907	(146,416)	(1,000)	-	184,969	
Designated funds	573,755	634,081	(551,905)	(6,200)	-	649,731	
General funds	1,123,494	546,708	(679,181)	(4,912)	40,308	1,036,241	
Total unrestricted funds	1,697,249	1,180,789	(1,231,086)	1,288	40,308	1,685,972	

NATIONAL SHEEP ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

24 Unrestricted funds

(Continued)

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

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

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Analysis of net assets between funds

	Head Office Activities/ Unrestricted Funds £	Other Activities/ Restricted Funds £	Total £
Fund balances at 31 December 2018 are represented by:			
Tangible assets	184,631	-	184,631
Investment properties	350,000	-	350,000
Investments	790,226	-	790,226
Current assets/(liabilities)	315,159	90,562	405,721
Provisions	(30,000)	-	(30,000)
	<u>1,610,016</u>	<u>90,562</u>	<u>1,700,578</u>
 Prior Year			
	Head Office Activities/ Unrestricted Funds £	Other Activities/ Restricted Funds £	Total £
Fund balances at 31 December 2017 are represented by:			
Tangible assets	192,055	-	192,055
Investment properties	320,000	-	320,000
Investments	845,567	-	845,567
Current assets/(liabilities)	328,350	72,913	401,263
	<u>1,685,972</u>	<u>72,913</u>	<u>1,758,885</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Operating lease commitments

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

	2018	2017
	£	£
Within one year	14,464	14,564
Between two and five years	11,614	18,522
	<u>26,078</u>	<u>33,086</u>

Amounts recognised in the statement of financial activities as a cost during the period in respect of operating lease arrangements amounted to £14,564 (2017:£14,853).

27 Capital commitments

2018	2017
£	£

At 31 December 2018 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment	15,000	-
	<u>15,000</u>	<u>-</u>

28 Related party transactions

	2018
	£
Stonehill Sheep & Fencing Services - Business owned by Regional Manager and wife	2,162
Ceres Solutions Ltd - Company owned by Regional Manager and wife	4,899
Event Remedies – Business owned by Regional Secretary	<u>29,930</u>
Total	<u>36,991</u>

The above transactions represent payments made under normal market conditions for goods, services and related expenses. At the balance sheet date the charity owed £400 to Ceres Solutions . There were no other outstanding balances.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29	Cash generated from operations	2018	2017
		£	£
	(Deficit)/surplus for the year	(58,307)	811
	Adjustments for:		
	Investment income recognised in statement of financial activities	(60,479)	(45,108)
	Fair value gains and losses on investment properties	(30,000)	-
	Fair value gains and losses on investments	75,532	(40,308)
	Depreciation and impairment of tangible fixed assets	9,591	9,700
	Movements in working capital:		
	(Increase)/decrease in stocks	(361)	233
	(Increase)/decrease in debtors	(14,152)	20,444
	Increase in creditors	6,219	13,422
	(Decrease) in provisions	30,000	-
	Increase/(decrease) in deferred income	47,353	(28,642)
	Cash generated from/(absorbed by) operations	5,396	(69,448)
30	Analysis of changes in net funds		
	The charity had no debt during the year.		