

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 2019

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NATIONAL SHEEP ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr D Gregory Mr A Barr Mr B Griffiths Mr E Thomas Mr C Lewis Mr J Geldard 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 9 January 2019) (Appointed 29 April 2020)
Honorary President	Lord Inglewood	
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

Rathbones
George House
50 George Square
Glasgow
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NATIONAL SHEEP ASSOCIATION

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NATIONAL SHEEP ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees present their report and financial statements for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association dated 21 December 1892 as amended, 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) (effective 1 January 2019)".

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 remains key to NSA's activities and in 2019 the very first NSA Samuel Wharry Memorial Award for the Next Generation was offered in the form of two £2,750 travel bursaries funded by NSA and the Company of Merchants of the Staple of England to support young people (under the age of 35) in a study trip to explore the application of science in sheep production. The NSA Next Generation programme explored a new approach during the year with the aim of involving a larger number of young people in activities to gain knowledge and broaden outlook. This resulted in the Ambassador programme not being run in 2019 and alternatively a number of open regional events being planned specifically for young people interested in sheep farming. This met with mixed success with some events being cancelled and others being well attended and successful. Increasingly, and via the NSA website and social media platforms, the Association is engaging in direct communication with the public with the aim of increasing their understanding and support. This work had a strong focus on the sustainability of sheep farming and its relationship with climate change, human health and nutrition, and positive animal welfare, providing evidence to challenge some of the criticisms that had been levelled at British sheep farming. At the end of 2019 the Association arranged and delivered nine events across all UK regions to inform farmers of the key sustainability messages in order to further amplify positive messages.

Main Objectives for the Year:

- Maintain and grow membership where possible to increase engagement and assist with communicating messages;
- Disseminate information to sheep farmers and the wider industry;
- 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 2019

Main Aims for the Year:

In order to achieve its objectives, NSA had specific aims in 2019 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. With emerging new domestic farming, environmental and food related policy, to engage with policy development using the Associations vision and experience.
- To arm members and the wider sheep industry with understanding and knowledge in order to prepare farm businesses for the expected changes brought about by departure from the EU.
- Strengthening of our existing knowledge transfer activity to drive production efficiencies, via Sheep Farmer magazine, the NSA Weekly Email Update, the NSA website, and NSA sheep events.
- Continuing participation 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.
- Continuing work with Government and relevant civil servants to reach agreement on changing the method for determining the age for carcase splitting, and continued pressure for Defra and the Food Standards Agency to consider making this change to improve market opportunities and reduce unnecessary red-tape. Collaboration with a wide range of 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.
- 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. To support the work of RUMA in achieving the same objectives.
- To raise awareness of the positive aspects of sheep welfare generally, explaining the positive welfare ambitions of the industry to the public and working with industry to ensure high welfare outcomes. In particular the Association worked in partnership with British Wool and the National Association of Agricultural Contractors to produce and disseminate new guidelines for farmers and sheep shearers in relation to preparing sheep for, and for catching and shearing.
- 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. This work to be expanded to include rural crime in general.
- 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. The NSA's Livestock Researcher continued to participate in funding bids for several research projects alongside carrying out research work on projects where funding is obtained.
- Supporting a range of national initiatives to reduce farm accidents and to promote mental well-being in particular at times of changes and stress.

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 2019

Significant Activities for Achieving Objectives:

In addition to the Association's routine activities, all of which were successfully delivered including Sheep Farmer magazine, an increasingly interactive website, our weekly e-newsletter, press releases and social media, the Association delivered a number of specific activities in order to further our objectives.

Involvement in policy development forums, the NSA continued its close involvement with the UK Livestock Brexit Group as a conduit for information sharing between national administrations and industry. The Association also joined the UK Farming Roundtable, giving regular access to the EFRA Secretary of State and the Farming Minister. In addition, the Association continued involvement in the development of ELMS, the Defra Productivity Roundtable, and the Defra Pathway programme looking at improving health and welfare conditions. Similar forums in all devolved nations were participated in. The Association continued its involvement with the Traceability Design Users Group that launched Livestock Information Ltd at the end of the year and became a member of the Carcass Classification Scrutiny Committee overseeing the work of Hallmark Veterinary Services in carcass classification. Crucially we were successful in engaging many members and officers in trials and testing work relating to most of the above policy and service development areas – this is felt as essential in order to ensure practical input to quite radical policy change.

In terms of outreach work we delivered nine 'Setting the record straight' events, where well over 300 members attended meetings to learn about the sustainability performance of British sheep farming. This aligned to research from Oxford University that challenged the way the global warming potential of greenhouse gases is calculated, considering new research that in part dispels the myth that ruminant livestock are causing global warming. This work was supported by the iSAGE research programme that produced a video explaining the new methodology. Our 'setting the record straight' events touched on three main sustainability strands – climate change and species diversity; human health and nutrition; and animal welfare.

Our involvement as partner in the iSAGE research programme meant that, in addition to a number of case studies exploring initiatives in the UK, we were heavily involved in the development of a sustainability assessment tool for sheep farmers along with a toolbox of information depending on need. This is now available as 'Sageguard'.

In 2019 we launched the very first NSA Samuel Wharry Memorial Award for the Next Generation in the form of two £2,750 travel bursaries funded by NSA and the Company of Merchants of the Staple of England to support young people (under the age of 35) in a study trip to explore the application of science in sheep production. Also, during the year, we explored a new approach relating to our Next Generation work with the aim of involving a larger number of young people in activities to gain knowledge and broaden outlook. This resulted in the Ambassador programme not being run in 2019 and alternatively several open regional events being planned specifically for young people interested in sheep farming. This met with mixed success with some events being cancelled and others being well attended and successful.

During 2019 NSA Central Region organised the highly successful Central Region Early Gathering in January, which was followed by NSA Welsh Sheep, North Sheep, Highland Sheep, Sheep South West, Sheep Northern Ireland and South East Region's Sheep Health, Welfare and Productivity conference. 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.

As the nation approached a potential no deal exit from the EU at the end of March and then again at the end of October the NSA worked to ensure the risks of a no deal were well understood by Government and industry, and we worked closely with Defra and the devolved Governments to influence a contingency scheme based on a market guarantee scheme in the case of a no deal and a market crash. In the event this process rolled on into a General Election and a departure from the EU at the end of January 2020, However, in preparation for the potential October departure Government launched a funding stream and encouraged organisations to bid to develop services and support for business sectors. NSA was successful in applying for funding to produce a Brexit Toolkit for sheep farmers which was launched in early November and well circulated. This toolkit is still available, and the key messages remain relevant.

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.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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 information contained is up to date to the nearest end of quarter period.

Since the end of 2019 the Association has continued with its work, in particular Brexit related work to help deliver the most favourable positions as the UK departs from the EU. It is expected that this work will continue at least for the duration of 2020 with the main Association focus being on securing a free trade deal between the two blocks. This focus was disrupted in March 2020 with the outbreak of the Covid-19 pandemic that resulted in a large proportion of Government activity being diverted to overcoming human health and well-being, and economic difficulties. The Association's activities were unsurprisingly affected with significant resources being targeted to overcoming market and supply chain challenges and ensuring the ongoing functioning of the elements of the sheep farming supply chain. Social distancing measures resulted in disrupting plans for the Association's summer events programme, including our flagship biannual event 'Sheep 2020', Scotsheep, and the Royal Welsh Show. All these events normally provide significant income for the Association and the situation will affect 2020 budgets and financial forecasts. In early May the Board of Trustees approved a revised draft budget that recognises the reduced income now expected and that aims to minimise the impact as far as possible. Further disruption was caused by the social distancing policies which resulted in all our staff moving to homeworking. The Association put significant resources into ensuring staff had the equipment and support to work effectively from home while also being part of a staff team, and is grateful to all staff for the manner in which they positively faced this challenge. By May 2020, the Association had furloughed four staff members, taking advantage of the Government scheme.

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 2019 and since. 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. Apart from membership subscriptions the major fundraising activities are the organisation of business to business '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. All events 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 and H.Q. to monitor these fundraising activities.

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 extend, 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 2019

Financial review

Reserves

The level of free reserves held by the Association at the year-end of 2019 amounted to £849,657 (2018:£846,528) of which £473,411 (2018:£543,744) 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 14 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 subscription 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 is 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 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 Rathbones (previously known as Speirs and Jeffrey). The fund is structured to maintain its value in relation to inflation and contribute financially to the running of the NSA. Despite the poor economic situation, the fund performed satisfactorily during 2019 and contributed to the Association's trading account by £72,750. 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 Rathbones (formerly Speirs & Jeffrey) is on a medium risk tolerance with the performance viewed in the medium/long term, i.e. 3-5 year cycles. Rathbones have discretion to manage the portfolio and they report quarterly to the Board. Andrew Waddell of Speirs & Jeffrey addressed the Board meeting in November 2018 to review investment objectives and risk classifications and the Trustees are satisfied that systems are in place to mitigate exposure to the major risks. The disruption to the investment portfolio caused by the Covid-19 in 2020 has been reported to the Trustees and the Finance & General Purposes Committee.

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 transfer of regional accounts to the software used at HQ has led to greater clarity in the accounts and accurate reporting to the trustees.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2019

Plans for future periods

The aims and key objectives of the Association are to continue to disseminate relevant information to sheep farmers and promote greater understanding of the industry to the general public and to organisations in a position to affect sheep farmers and sheep farming. The importance of this work and the vulnerability of sheep farming has increased during the year due to the 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 increased costs associated with the operation of a sheep farming business, continues to put financial and moral rewards under pressure. While the UK has experienced a long era of support being shifted towards environmental protection and away from productive farming and food production, the recent Covid-19 pandemic has highlighted the importance of food security and resilient food supply chains. The NSA will use this situation, along with ongoing environmental concerns, to make the case for truly multi-functional sheep farming that works in harmony with the environment while producing high quality and nutritious food (and wool) from mainly grass, in itself a highly desirable and beneficial crop. Our association fully understands the importance of our role in this post Covid period but we are also acutely aware of the impact the virus and associated lockdowns have had on our own organisation, including our financial resources and our ability to carry out our work in the normal way. In particular the cancellation of our national event Sheep 2020, Scotsheep 2020, NSA Wales and Border Ram sales, and the Royal Welsh Show, has had a negative impact on income that is only partly offset by a reduction in operating costs. The association is giving detailed consideration to the situation and an amended 'corona' budget has been prepared for the remainder of the year to account for the changes in income and expenditure. Due to an inability to carry out externally facing work, and financial pressure, some staff were put on furlough leave, and further savings have been made in the areas of travel expenses and meeting costs with much of our work being conducted successfully on online platforms in the form of webinars and similar activities. The financial situation is being closely monitored as things adapt, as is the effectiveness of our new and old ways of working as we seek a new normality to the way we work. The biannual and long term nature of much of our work means that the financial impact seen to date will now affect NSA throughout 2021 and into 2022 and we will be reviewing our future budgets, costs and work plans as we approach the end of 2020.

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 which gain 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. Overall, the Trustees consider that the association is safe and stable despite the disruption seen and are confident that we can continue to be effective in our work and emerge successfully from this pandemic.

NATIONAL SHEEP ASSOCIATION

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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 B Griffiths

Mr P Wozencraft (Resigned 29 April 2020)

Mr E Thomas

Mr C Lewis

Mr J Geldard

Ms A McFadzean

Mr H Dunn

Mr D Phipps

Mr T Ward

Mr P Myles

Mr P Delbridge

Mr J Farmer (Appointed 9 January 2019)

Ms K Hovers (Appointed 29 April 2020)

- 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 2019

Management and Staff in 2019

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. George Milne resigned from the post of Scottish Development Officer in February and while the role was being reconsidered the officeholders in Scottish Region took on much of the policy work and the Board and Chief Executive would like to express their thanks for this. In December Grace Reid was appointed as Scottish Region Co-ordinator to support policy work and the Scottish Region committee. In April Chris Adamson started as Activities and Campaigns Officer to represent the Association at events and organise regional meetings in order to promote membership of the Association. Due to the increasing workload in the accounts department created by the transfer of some regional accounts work to HQ, Alexandra Abbott joined as Assistant Bookkeeper in August. In June Nicola Noble started maternity leave and her post was covered by Wendy Jones and Liz Genever, Nicola's role, that of Livestock Researcher, was changed by agreement (in early 2020) to Technical Officer in order to reflect the changing nature of the role. In September Eleanor Phipps agreed a new role of Policy Officer to start in January 2020, gradually transferring some Sheep Farmer work and taking on more policy related work. Other staff carrying on their existing roles were Joanne Briggs as Operations Director, Julie Jennings as Association Secretary, Gill Callow as Membership Secretary, Katie James as Communications Officer, Helen Roberts as Sponsorship and Corporate Manager and Karen Sumner as Bookkeeper. Various self-employed staff work at shows, meetings and events and in the delivery of policy work around the devolved parts of the UK.

At the end of the year preparations were made for maternity cover for Joanne Briggs who went on maternity leave in January 2020.

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 2019

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.

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.

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Mr D Gregory
Trustee
Dated:

.....
Mr B Griffiths
Trustee
Dated:.....

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 2019 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 2019 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.

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

.....

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 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<u>Income and endowments from:</u>					
Donations and legacies	3	404,500	48,673	453,173	454,583
Charitable activities	4	241,892	21,945	263,837	275,321
Other trading activities	5	495,646	-	495,646	440,384
Investments	6	41,721	-	41,721	60,479
Other income	7	18,887	-	18,887	6,722
Total income		1,202,646	70,618	1,273,264	1,237,489
<u>Expenditure on:</u>					
Raising funds	8	504,013	-	504,013	409,403
Charitable activities	9	668,620	117,030	785,650	840,861
Total resources expended		1,172,633	117,030	1,289,663	1,250,264
Net gains/(losses) on investments	13	120,793	-	120,793	(45,532)
Net incoming/(outgoing) resources before transfers		150,806	(46,412)	104,394	(58,307)
Gross transfers between funds		10,275	(10,275)	-	-
Net movement in funds		161,081	(56,687)	104,394	(58,307)
Fund balances at 1 January 2019		1,610,016	90,562	1,700,578	1,758,885
Fund balances at 31 December 2019		1,771,097	33,875	1,804,972	1,700,578

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 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	14		187,261		184,631
Investment properties	15		350,000		350,000
Investments	16		905,506		790,226
			<u>1,442,767</u>		<u>1,324,857</u>
Current assets					
Stocks	17	3,271		1,958	
Debtors	18	115,548		105,005	
Cash at bank and in hand		473,411		543,744	
			<u>592,230</u>	<u>650,707</u>	
Creditors: amounts falling due within one year	19	(230,025)		(244,986)	
Net current assets			<u>362,205</u>		<u>405,721</u>
Total assets less current liabilities			<u>1,804,972</u>		<u>1,730,578</u>
Provisions for liabilities			-		(30,000)
Net assets			<u>1,804,972</u>		<u>1,700,578</u>
Income funds					
Restricted funds	23		33,875		90,562
<u>Unrestricted funds</u>					
Designated funds	24	734,179		578,857	
General unrestricted funds	24	1,036,918		1,031,159	
			<u>1,771,097</u>		<u>1,610,016</u>
			<u>1,804,972</u>		<u>1,700,578</u>

NATIONAL SHEEP ASSOCIATION

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

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 2019, 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

.....
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 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30		(105,140)		5,396
Investing activities					
Purchase of tangible fixed assets		(12,426)		(2,167)	
Purchase of investments		(13,901)		(38,567)	
Proceeds on disposal of investments		19,413		18,376	
Interest received		41,721		60,479	
Net cash generated from investing activities			34,807		38,121
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(70,333)		43,517
Cash and cash equivalents at beginning of year			543,744		500,227
Cash and cash equivalents at end of year			473,411		543,744

NATIONAL SHEEP ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 financial statements 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) (effective 1 January 2019)". 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

In light of the current coronavirus pandemic, the trustees have reviewed likely future developments and remain of the opinion that there is no reason to believe that the charity will have to cease operating as a result of inadequate financial resources, or any other foreseeable event, within a period of at least 12 months from the date of the approval of these accounts.

1.3 Charitable funds

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

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

1.4 Incoming resources

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

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

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

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

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 2019

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 2019

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 2019

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 2019

3 Donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
Donations and gifts	40,902	-	40,902	62,196
Grants	-	48,673	48,673	35,449
Membership fees	363,598	-	363,598	356,938
	<u>404,500</u>	<u>48,673</u>	<u>453,173</u>	<u>454,583</u>

4 Charitable activities

	Ram Sales 2019 £	Sheep Farmer Advertising 2019 £	Sustainable Control of Parasites in Sheep 2019 £	Other Charitable Income 2019 £	Total 2019 £	Total 2018 £
Other income	<u>127,240</u>	<u>97,110</u>	<u>21,945</u>	<u>17,542</u>	<u>263,837</u>	<u>275,321</u>
Analysis by fund						
Unrestricted funds	127,240	97,110	-	17,542	241,892	241,457
Restricted funds	-	-	21,945	-	21,945	33,864
	<u>127,240</u>	<u>97,110</u>	<u>21,945</u>	<u>17,542</u>	<u>263,837</u>	<u>275,321</u>
For the year ended 31 December 2018						
Unrestricted funds	148,762	92,695	-	-		241,457
Restricted funds	-	-	31,038	-		33,864
	<u>148,762</u>	<u>92,695</u>	<u>31,038</u>	<u>-</u>		<u>275,321</u>

5 Other trading activities

	2019 £	2018 £
Fundraising events	<u>495,646</u>	<u>440,384</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Investments

	2019	2018
	£	£
Rental income	19,936	17,189
Investment Income	20,609	36,191
Dividends Received	-	6,054
Interest receivable	1,176	1,045
	41,721	60,479
	41,721	60,479

7 Other income

	2019	2018
	£	£
Other income	15,310	5,637
Promotional Items	367	364
P & O	3,210	721
	18,887	6,722
	18,887	6,722

8 Raising funds

	2019	2018
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	361,102	277,712
Staff costs	35,000	42,480
Support costs	107,911	89,211
	504,013	409,403
	504,013	409,403

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Charitable activities

	Breeding Improvement Other Costs 2019 £	Membership Services and Enquiries 2019 £	Education and Promotion Other Costs 2019 £	Total 2019 £	Total 2018 £
iSage project	-	-	3,977	3,977	3,738
Carcass Unit Costs	-	-	-	-	840
Costs Relating to Sheep Farmer	-	-	25,246	25,246	63,191
Membership Promotion	-	-	11,387	11,387	33,945
Storage of Semen	-	-	8,217	8,217	4,961
Make More of Mutton	-	-	14,104	14,104	14,795
Room Hire & Refreshments for Meetings & Conferences	-	-	26,945	26,945	22,499
Regional Secretaries & Officers Fees	-	-	62,230	62,230	38,433
Awards, Sponsorship & Donations	-	-	5,928	5,928	4,198
Subscriptions for Other Bodies	-	-	3,821	3,821	4,475
Ram Longevity	-	-	7,264	7,264	9,121
SCOPS & Other Projects	-	-	40,464	40,464	33,869
Ram Sale Expenses	109,524	-	-	109,524	165,038
	<u>109,524</u>	<u>-</u>	<u>209,583</u>	<u>319,107</u>	<u>399,103</u>
Share of support costs (see note 10)	-	96,552	295,337	391,889	396,200
Share of governance costs (see note 10)	-	-	74,654	74,654	45,558
	<u>109,524</u>	<u>96,552</u>	<u>579,574</u>	<u>785,650</u>	<u>840,861</u>
Analysis by fund					
Unrestricted funds	109,524	90,569	468,527	668,620	794,547
Restricted funds	-	5,983	111,047	117,030	46,314
	<u>109,524</u>	<u>96,552</u>	<u>579,574</u>	<u>785,650</u>	<u>840,861</u>
For the year ended 31 December 2018					
Unrestricted funds	135,038	162,678	496,831		794,547
Restricted funds	-	-	46,314		46,314
	<u>135,038</u>	<u>162,678</u>	<u>543,145</u>		<u>840,861</u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Support costs	Support costs	Governance costs	2019	2018	Basis of allocation
	£	£	£	£	
Staff costs	280,374	68,154	348,528	350,964	
Depreciation	9,796	-	9,796	9,591	
Printing, Photocopying, Postage & Stationery	57,863	-	57,863	26,749	
General Office Expenses	8,988	-	8,988	5,690	
Telephone, Computer & Website	26,339	-	26,339	32,849	
Travelling Expenses & Subsistence	45,311	-	45,311	52,947	
Rates, Utilities & Insurance	20,803	-	20,803	18,958	
Property Repairs	25,730	-	25,730	6,472	
Legal & Professional	12,497	-	12,497	9,645	
Accountancy	8,098	-	8,098	5,048	
Bank Charges	3,832	-	3,832	2,490	
Bad Debts	169	-	169	3,366	
 Audit fees	 -	 6,500	 6,500	 6,200	 Governance
	<u>499,800</u>	<u>74,654</u>	<u>574,454</u>	<u>530,969</u>	
 Analysed between					
Fundraising	107,911	-	107,911	89,211	
Charitable activities	391,889	74,654	466,543	441,758	
	<u>499,800</u>	<u>74,654</u>	<u>574,454</u>	<u>530,969</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	19%
Education and promotion	52%
Membership services and enquiries	17%
Governance costs	12%

In addition to the audit fees shown above, included within support costs are fees payable to the auditor for accountancy and other services of £8,098 (2018:£5,048).

Governance costs includes payments to the auditors of £6,500 (2018:£6,200) for audit fees.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, or were paid for services. 13 trustees (2018:13) were reimbursed a total of £7,175 (2018:£7,795) 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 2019

12 Employees

Number of employees

Honorarium and Subcontractors

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

	2019	2018
	Number	Number
Regional Secretaries and Officers	11	8
Ram Sales Secretaries and Officers	5	6
Regional Event Managers	6	7
	<u>22</u>	<u>21</u>
	<u><u>22</u></u>	<u><u>21</u></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	£33,007
Payments to Ram Sales Managers	£28,600
Payments to Regional Event Managers	£35,000

In addition to the honorarium and subcontractors, the average monthly number of person employed by the charity during the year was 11 (2018 - 11).

Employment costs	2019	2018
	£	£
Wages and salaries	335,743	354,528
Social security costs	25,292	26,249
Other pension costs	22,493	12,667
	<u>383,528</u>	<u>393,444</u>
	<u><u>383,528</u></u>	<u><u>393,444</u></u>

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

	2019	2018
	Number	Number
£70,000 - £80,000	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Net gains/(losses) on investments

	2019	2018
	£	£
Revaluation of investments	120,793	(75,532)
Revaluation of investment properties	-	30,000
	120,793	(45,532)
	120,793	(45,532)

14 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2019	247,517	108,557	9,430	365,504
Additions	-	12,426	-	12,426
Disposals	-	(15,498)	-	(15,498)
	247,517	105,485	9,430	362,432
At 31 December 2019	247,517	105,485	9,430	362,432
	247,517	105,485	9,430	362,432
Depreciation and impairment				
At 1 January 2019	82,154	89,661	9,058	180,873
Depreciation charged in the year	3,649	6,054	93	9,796
Eliminated in respect of disposals	-	(15,498)	-	(15,498)
	85,803	80,217	9,151	175,171
At 31 December 2019	85,803	80,217	9,151	175,171
	85,803	80,217	9,151	175,171
Carrying amount				
At 31 December 2019	161,714	25,268	279	187,261
	161,714	25,268	279	187,261
At 31 December 2018	165,363	18,896	372	184,631
	165,363	18,896	372	184,631

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Investment property

2019

£

Fair value

At 1 January 2019 and 31 December 2019

350,000

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, last year there was a £30k increase in the directors' opinion. The directors believe that there is no movement in the valuation for the year ended 31 December 2019.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Fixed asset investments

	Listed investments	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 01 January 2018	561,167	229,059	790,226
Additions	13,901	-	13,901
Unrealised Gains/(Losses)	76,736	40,958	117,694
Realised Gains/(Losses)	3,098	-	3,098
Disposals	(19,413)	-	(19,413)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	635,489	270,017	905,506
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2019	635,489	270,017	905,506
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	561,167	229,059	790,226
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	3,271	1,958
	<hr/> <hr/>	<hr/> <hr/>

18 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	54,061	61,463
Other debtors	29,658	32,295
Prepayments and accrued income	31,829	11,247
	<hr/>	<hr/>
	115,548	105,005
	<hr/> <hr/>	<hr/> <hr/>

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other taxation and social security		-	4,498
Deferred income	21	134,655	166,387
Trade creditors		63,404	38,902
Other creditors		1,792	9,093
Accruals and deferred income		30,174	26,106
		<u>230,025</u>	<u>244,986</u>

Provisions for liabilities

	2019 £	2018 £
Provision for VAT	-	30,000
	<u> </u>	<u> </u>

21 Deferred income

	2019 £	2018 £
Other deferred income	134,655	166,387
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	134,655	166,387
	<u> </u>	<u> </u>
	<u>134,655</u>	<u>166,387</u>

Movement in the year

	2019 £	2018 £
At 1 January 2019	166,387	119,034
Amount released to income earned from charitable activities	(166,387)	(119,034)
Amount deferred in the year	134,655	166,387
	<u> </u>	<u> </u>
At 31 December 2019	<u>134,655</u>	<u>166,387</u>

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

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 £22,493 (2018:£12,667)

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
Sustainable Control of Parasites in Sheep	19,245	21,945	(25,921)	-	15,269
Welsh Commons Forum	10,275	-	-	(10,275)	-
iSage	47,246	16,074	(63,320)	-	-
British Heritage Sheep	13,796	2,293	(7,264)	-	8,825
Echinococcus Parasite in Farm Dogs	-	1,174	(275)	-	899
Lameness Study	-	1,432	(213)	-	1,219
DBEIS	-	27,700	(20,037)	-	7,663
	90,562	70,618	(117,030)	(10,275)	33,875
	90,562	70,618	(117,030)	(10,275)	33,875

Prior Year	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
	72,913	69,313	(46,314)	(5,350)	90,562
	72,913	69,313	(46,314)	(5,350)	90,562

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Restricted funds

(Continued)

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 2019

23 Restricted funds

(Continued)

Investigation into the Distribution of Echinococcus Parasite in Farm Dogs in conjunction with Liverpool University

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 in Conjunction with Warwick University

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.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Unrestricted funds

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

	Movement in funds					Balance at 31 December 2019 £
	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Revaluations, gains and losses £	
Central Region	23,298	12,808	(10,728)	(1,800)	-	23,578
Cymru Region	148,740	120,271	(58,407)	(1,800)	21,385	230,189
Eastern Region	28,380	11,482	(4,971)	(1,800)	-	33,091
Marches Region	19,669	275	(3,304)	(1,800)	-	14,840
Northern Region	54,001	140,642	(109,163)	(1,800)	-	83,680
Northern Ireland Region	38,426	33,262	(29,382)	3,950	-	46,256
Scottish Region	31,360	101,181	(113,491)	200	-	19,250
South East Region	5,327	5,586	(8,792)	(1,800)	-	321
South West Region	5,949	76,145	(56,883)	(1,300)	-	23,911
South West Ram Sales	62,877	10,431	(3,584)	(500)	7,083	76,307
Wales & Border Ram Sales	160,830	151,492	(148,140)	(1,000)	19,574	182,756
Designated funds	578,857	663,575	(546,845)	(9,450)	48,042	734,179
General funds	1,031,159	539,071	(625,788)	19,725	72,751	1,036,918
Total unrestricted funds	1,610,016	1,202,646	(1,172,633)	10,275	120,793	1,771,097

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Unrestricted funds

(Continued)

Prior Year	Movement in funds					Balance at 31 December 2018 £
	Balance at 1 January 2018 £	Incoming resources £	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 2019

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 2019

25 Analysis of net assets between funds

	Head Office Activities/ Unrestricted Funds £	Other Activities/ Restricted Funds £	Total £
Fund balances at 31 December 2019 are represented by:			
Tangible assets	187,261	-	187,261
Investment properties	350,000	-	350,000
Investments	905,506	-	905,506
Current assets/(liabilities)	328,330	33,875	362,205
	1,771,097	33,875	1,804,972
	1,771,097	33,875	1,804,972

Prior Year	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)
	1,610,016	90,562	1,700,578
	1,610,016	90,562	1,700,578

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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:

	2019	2018
	£	£
Within one year	14,788	14,464
Between two and five years	7,406	11,614
In over five years	1,209	-
	<u>23,403</u>	<u>26,078</u>

Amounts recognised in the statement of financial activities as a cost during the period in respect of operating lease arrangements amounted to £14,464 (2018:£14,564).

27 Capital commitments

2019	2018
£	£

At 31 December 2019 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>-</u>	<u>15,000</u>

28 Events after the reporting date

Since the year end, there has been the global Covid-19 outbreak and associated lockdown in the UK. At the time of approving the accounts, this has had an impact but the charity has continued to perform its objectives.

Therefore the trustees are of the opinion that this does not affect their assessment of the entity's ability to continue as a going concern.

NATIONAL SHEEP ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions

	2019
	£
Ceres Solutions Ltd - Company owned by Regional Manager and wife	1,685
Event Remedies – Business owned by Regional Secretary	32,453
Heather Stoney-Grayson and Martin Grayshon – Payment of services to Regional Manager and husband for organising Northern Show	<u>12,428</u>
	—
Total	<u>46,566</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 £22,074 to Event Remedies and £926 to Ceres Solutions. There were no other outstanding balances.

	2019	2018
	£	£
30 Cash generated from operations		
Surplus/(deficit) for the year	104,394	(58,307)
Adjustments for:		
Investment income recognised in statement of financial activities	(41,721)	(60,479)
Fair value gains and losses on investment properties	-	(30,000)
Fair value gains and losses on investments	(120,793)	75,532
Depreciation and impairment of tangible fixed assets	9,796	9,591
Movements in working capital:		
(Increase) in stocks	(1,313)	(361)
(Increase) in debtors	(10,542)	(14,152)
Increase in creditors	16,771	6,219
Increase/(decrease) in provisions	(30,000)	30,000
(Decrease)/increase in deferred income	(31,732)	47,353
Cash (absorbed by)/generated from operations	<u>(105,140)</u>	<u>5,396</u>

31 Analysis of changes in net funds

The charity had no debt during the year.