

**REGISTERED COMPANY NUMBER: SC055423 (Scotland)**  
**REGISTERED CHARITY NUMBER: SC007271**

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
for the year ended 31 March 2017  
FOR  
THE BRITISH TEXEL SHEEP SOCIETY LIMITED  
(A COMPANY LIMITED BY GUARANTEE  
AND NOT HAVING A SHARE CAPITAL)**

**THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

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for the year ended 31 March 2017**

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## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### REPORT OF THE DIRECTORS AND TRUSTEES for the year ended 31 March 2017

The Trustees present their report and the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

#### REFERENCE AND ADMINISTRATIVE DETAILS

Charity name: The British Texel Sheep Society

Charity known as: Texel Sheep Society

Charity registration number: SC007271

Company registration number: SC055423 (Scotland)

Registered office: The Mechanics Workshop  
New Lanark  
Lanark  
South Lanarkshire  
ML11 9DB

Operational address: Unit 74  
4th Street  
Stoneleigh Park  
Kenilworth  
Warwickshire  
CV8 2LG

#### Directors / Trustees

D J McKerrow - President and Chairman  
S Richardson – V President and V Chairman  
G Knox - Hon Treasurer  
J Aiken  
A Barr  
E Bell appointed 10.11.16  
R Campbell  
B H Gamble resigned 10.11.16  
G M Hill  
I P Jones  
S Martin appointed 10.11.16  
P J Mitchell  
Mrs S H C Rawlings resigned 10.11.16  
S J Smith  
W A Windsor

#### Company Secretary and Chief Executive Officer

J A Yates

#### Our advisers

Auditors	Dafferns LLP	One Eastwood, Binley Business Park, Coventry, CV3 2UB
Bankers	The Royal Bank of Scotland	Wavertree Technology Park, Liverpool, L13 1HE
Solicitors	Lodders Solicitors LLP	10 Elm Court, Arden Street, Stratford upon Avon, CV37 6PA
Investment advisers	Sterling Financial Advisers Ltd	James House, Newport Road, Albrighton, Wolverhampton, WV7 3FA

## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### REPORT OF THE DIRECTORS AND TRUSTEES for the year ended 31 March 2017

#### OBJECTIVES AND ACTIVITIES

The principal activity of the Society in the year under review was that of encouraging, promoting and improving the breeding of Texel sheep. The Society assists its members in the maintenance and promotion of the breed and its influence for the advancement of the arts, heritage, culture and science. The Society consistently and regularly reviews and improves where appropriate the level of services offered to its members.

#### ACHIEVEMENTS AND PERFORMANCE

The Society is a leading and respected organisation within the livestock sector. The Board regularly reviews its operation to support its charitable objectives.

As part of the Society breed development responsibility, three major projects were in process during the year under review, all part funded through Innovate UK grants. A project on the “genomics of mastitis in meat sheep” was completed in August 2017. In November 2017 and February 2018 two large projects in collaboration with SRUC and ABP, a major meat processor started. Both awarded by Innovate UK as part of Industrial Research grants, with the Society taking the lead partner role. The £1,374,254 project will focus on “Solutions for sustainable lamb production and breeding for more taste and less waste to increase food security in the UK and beyond”, which will complete in January 2019. Along with Industrial award £1,554,463 that will focus on “carcass trait phenotype feedback for genomic selection in sheep”, which will complete January 2020. Both of these projects expect to have major impact on UK sheep industry. Interim reports and conclusions from these projects will be reported to the membership from 2017. They will form part of the future Breed Development plans to include expansion of genomic technologies, support membership services and develop novel tools for genetic improvement of the Texel breed.

Incoming resources have increased a modest 1% (£5,437) from £615,958 to £621,395, when removing the influence of the Innovate UK grant income. Registrations income has been positive due to increased volume rising by 9% (£30,402), providing assurance of the value placed in pedigree Texel by the membership and wider industry. Auctions sales income has declined by 4% (£4,959). Genotyping rules were amended during 2017 removing costs to members. The aim of which is to provide greater support for developing genetic improvement tools and the R&D programme, whilst also enabling improvements to registry services. Income from membership subscriptions has increased from £102,500 to £105,400 (£2,900), providing a positive signal with an increasing membership base. (2,163 members at year-end)

Expenditure has increased very slightly by 1% from £572,242 to £579,090 (£6,848), when removing the influence of the Innovate UK project costs. Expenditure on publications has decreased 29% (£11,589), which is similar to the increase reported in the previous year's statements. The Society has focused on controlling promotional costs during the period as the trend has shown a significant rise during the last 5 years. Publicity costs have also reduced slightly by 4% (£2,965). Genotyping costs have been reduced due to a policy rule change.

Salaries and pensions costs have risen due to increased R&D activity and increased staff levels from £199,670 to £213,326. This is supported by the grant income of £42,032 associated with the use of additional staffing for the delivery of the R&D activity. Legal and professional costs of £39,081 compared to a previous year of £36,222 and include lawyers costs to support cost of Governance and adoption of appropriate commercial level and collaboration agreements. Youth development programme, includes educational awards for public benefit.

Net incoming resources ended with gains of £12,397 with an increase on investments during the period of £102,548.

Total funds carried forward total £1,043,857.

## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### REPORT OF THE DIRECTORS AND TRUSTEES for the year ended 31 March 2017

#### **Financial review**

The net income for the year amounted to £114,945. This amount has been added to reserves brought forward leaving fund balances of £1,043,857 at the end of the year. The trustees consider the results to be satisfactory

#### **Reserves policy**

It is the policy of the Society to maintain unrestricted funds, that are not designated, which are free reserves of the Society of approximately eighteen months of unrestricted expenditure. This is intended to provide sufficient funds to cover management, administration and promotional costs. Free unrestricted reserves at 31 March 2017 stood at £789,431 compared with unrestricted expenditure in the year of £579,090.

#### **Investment policy**

The Board of Trustees considered the most appropriate policy for investing funds during the period to be the use of managed Share Portfolio accounts for long term investment opportunity as well as short term cash held within the Direct Reserve Account.

#### **Plans for future periods**

Maintaining core services to membership that are fit for the future is essential, if the Society is to remain successful and of purpose. The Society will increase its activity in areas of promotion & genetic improvement of the breed. Improvements in data collection and storage and the exploitation of genomic technologies for breed development are aimed at enhancing core services. These activities will require the Society's own investment and where appropriate and available grant support will be sought and utilised for R&D activity, in collaboration with strategic partners.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document**

The Society is a registered Charity No: SC007271. Annual Reports and accounts are submitted to the Office of the Scottish Charity Commissioners following formal approval by the membership at the Annual General Meeting. The Society is a Company limited by guarantee and not having a Share Capital, incorporated on the 10 April 1974. The Society is governed by its Memorandum and Articles of Association (Company No: SC055423), which includes wide investment powers. For the purposes of the Companies Act 2006 members of the Board are treated as directors for which services they receive no remuneration.

A full copy of the Society's Memorandum & Articles of Association is available to all members from the Company Secretary at the Society's operational address.

#### **Organisational structure**

The Board of Trustees administers the Charity. The Board meets on a regular basis. Within the Board, trustees are nominated to represent specific areas covering Breed Development, Shows, Sales and Promotions, Finance & Governance. A Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. To facilitate effective operations and accountability the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational and strategic matters including finance and employment.

## **THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

### **REPORT OF THE DIRECTORS AND TRUSTEES for the year ended 31 March 2017**

#### **Recruitment and appointment of new trustees**

The Articles of Association allows for the appointment of twenty trustees (Directors), with effect from October 2011, directors are eligible to serve for a period of four years and if successfully re-elected to a maximum of 12 consecutive years before having to step down for a minimum of four years prior to further re-election. The Board resolved to reduce their number to thirteen, each of which is elected by members on a regional basis. The Trustees also have the power to co-opt further members to the Board to fill specialist roles, always provided that the total Board size does not exceed twenty members. All members within the region of the retiring trustees are circulated with invitations to nominate trustees prior to the AGM. All new Trustees undergo an orientation and training day to brief them on their legal obligations under charity and company law, the content of the Memorandum & Articles of Association, the committee and decision making process, the business plan and recent financial performance of the charity.

#### **Employee involvement**

The Society has a well-established structure to communicate with employees at every level and to encourage their involvement regarding the company's performance and future development.

#### **Risk Management**

The trustees continually examine the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that necessary recommendations can be made to lessen these risks. The trustees also consider non-financial risk arising from fire, and the health and safety aspects of the employment of its staff. A key element in the management of financial risk is the setting of a reserves policy. The Society Chief Executive meets regularly with NFU Insurance broker to discuss areas of risk and to ensure adequate insurance is provided for the Society.

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of The British Texel Sheep Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principals in the Charity SORP 2015 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

**REPORT OF THE DIRECTORS AND TRUSTEES  
for the year ended 31 March 2017**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Dafferns LLP, will be proposed for re-appointment at the forthcoming annual general meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

D J McKerrow - Chairman - Trustee

19 July 2017

## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

We have audited the financial statements of The British Texel Sheep Society Limited for the year ended 31 March 2017 on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matter 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 Report of the Directors and Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and Trustees 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors and Trustees.

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Geoffrey Cox BA FCA (Senior Statutory Auditor)

For and on behalf of Dafferns LLP

Chartered Accountants

Statutory Auditor

Dafferns LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

One Eastwood

Harry Weston Road

Binley Business Park

Coventry

CV3 2UB

20 July 2017

	Note	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>INCOME FROM:</b>					
Donated services		-	22,772	22,772	15,000
Charitable activities	3	615,282	158,135	773,417	754,064
Investment income	4	<u>6,113</u>	<u>-</u>	<u>6,113</u>	<u>5,505</u>
<b>Total income</b>		<u>621,395</u>	<u>180,907</u>	<u>802,302</u>	<u>774,569</u>
<b>EXPENDITURE ON:</b>					
Investment broker's fees		2,555	-	2,555	2,389
Charitable activities	5	<u>576,535</u>	<u>210,815</u>	<u>787,350</u>	<u>774,992</u>
<b>Total expenditure</b>		<u>579,090</u>	<u>210,815</u>	<u>789,905</u>	<u>777,381</u>
		42,305	(29,908)	12,397	(2,812)
Net gains / (losses) on investments		<u>102,548</u>	<u>-</u>	<u>102,548</u>	<u>(23,035)</u>
<b>Net income / (expenditure) for the year</b>	8	144,853	(29,908)	114,945	(25,847)
<b>Transfer between funds</b>		<u>(34,334)</u>	<u>34,334</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		110,519	4,426	114,945	(25,847)
<b>Total funds brought forward</b>		<u>928,912</u>	<u>-</u>	<u>928,912</u>	<u>954,759</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,039,431</u>	<u>4,426</u>	<u>1,043,857</u>	<u>928,912</u>

The notes on pages 11 to 19 form an integral part of these financial statements

	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	12	32,028	-	32,028	23,470
Investments	13	<u>744,927</u>	-	<u>744,927</u>	<u>639,065</u>
		776,955	-	776,955	662,535
<b>CURRENT ASSETS</b>					
Stocks		4,291	-	4,291	5,269
Debtors	14	119,752	-	119,752	93,457
Cash at bank and in hand		<u>257,743</u>	<u>4,426</u>	<u>262,169</u>	<u>296,129</u>
		381,786	4,426	386,212	394,855
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>(119,310)</u>	-	<u>(119,310)</u>	<u>(128,478)</u>
<b>NET CURRENT ASSETS</b>		<u>262,476</u>	<u>4,426</u>	<u>266,902</u>	<u>266,377</u>
<b>NET ASSETS</b>		<u>1,039,431</u>	<u>4,426</u>	<u>1,043,857</u>	<u>928,912</u>
<b>FUNDS</b>					
	18				
Unrestricted funds				1,039,431	928,912
Restricted funds				<u>4,426</u>	-
<b>TOTAL FUNDS</b>				<u>1,043,857</u>	<u>928,912</u>

These financial statements have been prepared in accordance with the provisions applicable to small companies subject to the small companies regime and in accordance with Charity SORP 2015 (FRS 102).

The financial statements were approved by the Board of Trustees on 19 July 2017 and were signed on its behalf by

D J McKerrow - Chairman - Trustee

The notes on pages 11 to 19 form an integral part of these financial statements.

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## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### STATEMENT OF CASH FLOWS For the year ended 31 March 2017

	2017 £	2016 £
<b>Cash flows from operating activities:</b>		
Net income for the year	114,945	(25,847)
Adjustments for:		

Depreciation charge	21,851	18,840
(Gains) / losses on investments	(102,548)	23,035
Investment income	(6,113)	(5,505)
Decrease in stocks	978	2,216
Increase in debtors	(26,295)	(8,588)
Increase / (decrease) in creditors	<u>(9,168)</u>	<u>25,690</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>(6,350)</u></b>	<b><u>29,841</u></b>
<b>Cash flows from investing activities:</b>		
Investment income	6,113	5,505
Proceeds from sale of investments	2,555	2,389
Purchase of investments	(5,869)	(5,257)
Purchase of fixed assets	<u>(30,409)</u>	<u>(5,880)</u>
<b>Net cash provided by / (used in) investing activities</b>	<b><u>(27,610)</u></b>	<b><u>(3,243)</u></b>
Change in cash and cash equivalents during year	(33,960)	26,598
Cash and cash equivalents at beginning of year	<u>296,129</u>	<u>269,531</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>262,169</u></b>	<b><u>296,129</u></b>

**THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

**1. General information and basis of preparation**

The British Texel Sheep Society is a private company, limited by guarantee, registered in Scotland. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities was that of encouraging, promoting and improving the breeding of Texel sheep in the United Kingdom of Great Britain and Northern Ireland. The Society assists its members in the

maintenance and promotion of the breed and its influence for the advancement of the arts, heritage, culture and science. The Society consistently and regularly reviews and improves where appropriate the level of services offered to its members.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006, and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling (£) which is the functional currency of the charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year. This has not affected the reported financial position and performance.

## **2. Accounting policies**

### **Fund accounting**

Unrestricted funds are those available at the discretion of the Trustees in furtherance of the charitable aims of the Charity.

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

Restricted funds are those available solely for the specific purposes of the donors.

### **Income recognition**

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

## **THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017**

## **2. Accounting policies (continued)**

### **Income recognition (continued)**

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of specific projects. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

The subscription year runs to 30 September. Subscription income is accounted for on an accruals basis, with six months' income deferred at the accounting year end.

#### **Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

#### **Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Support costs have been allocated based on a percentage of staff time spent on each activity.

## **THE BRITISH TEXEL SHEEP SOCIETY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017**

#### **2. Accounting policies (continued)**

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Long leasehold

5% straight line

BASCO database	33% and 10% straight line
Show equipment	33% straight line
Office equipment	33% straight line
Grant related	67% straight line

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

### Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment

### Operating leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

### Pension costs and other post-retirement benefits

The charitable company operates defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the SoFA in the period to which they relate.

## 3. Income from charitable activities

	2017 £	2016 £
Subscriptions	105,400	102,500
Gift aid	15,575	15,744
Registrations	362,671	332,269
Publications	13,620	15,050
Auctions	108,826	113,785
Breed development	5,511	27,098
Grant Income	153,709	143,611
Sundry income	<u>8,105</u>	<u>4,007</u>
	<u>773,417</u>	<u>754,064</u>

Income from charitable activities was £773,417 (2016 £754,064) of which £158,135 (2016 £143,611) was attributable to restricted funds and £615,282 (2016 £610,453) was attributable to unrestricted funds.

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## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017

## 4. Income from investments

	2017 £	2016 £
Dividends	5,893	5,257
Interest	<u>220</u>	<u>248</u>
	<u>6,113</u>	<u>5,505</u>

Income from investments was all attributable to unrestricted funds.

## 5. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total £
Sales, shows and publications	188,763	52,541	241,304
Registrations	23,393	235,800	259,193
Breed development	13,473	62,565	76,038
Projects	<u>153,019</u>	<u>57,796</u>	<u>210,815</u>
	<u>378,648</u>	<u>408,702</u>	<u>787,350</u>

£210,815 (2016 £205,139) of the above costs were attributable to restricted funds and £576,535 (2016 £569,853) was attributable to unrestricted funds.

## 6. Allocation of support costs

	Sales, shows and publications £	Registrations £	Breed development £	Projects £	Total £
Governance	1,643	7,339	1,972	-	10,954
Payroll	25,600	115,461	30,233	42,032	213,326
Travelling	5,164	23,064	6,196	-	34,424
Office costs	10,265	45,851	12,319	11,503	79,938
Leasing	474	2,119	569	-	3,162
Legal and professional	5,862	26,184	7,035	-	39,081
Other costs	546	2,437	655	-	3,638
Bank charges	349	1,560	419	-	2,328
Depreciation	<u>2,638</u>	<u>11,785</u>	<u>3,167</u>	<u>4,261</u>	<u>21,851</u>
	<u>52,541</u>	<u>235,800</u>	<u>62,565</u>	<u>57,796</u>	<u>408,702</u>

## 7. Governance costs

	2017 £	2016 £
Auditor's remuneration	5,900	4,950
Meetings	<u>5,054</u>	<u>17,888</u>
	<u>10,954</u>	<u>22,838</u>

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## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017

## 8. Net income / (expenditure)

Net income / (expenditure) is stated after charging the following:

	2017 £	2016 £
Depreciation – owned assets	21,851	18,840
Operating lease costs	10,545	7,007
Auditors' remuneration	<u>5,900</u>	<u>4,950</u>

## 9. Auditors remuneration

The auditor's remuneration amounts to an audit fee of £3,100 (2016 £3,000) and a fee for assistance with the accounts preparation of £2,800 (2016 £1,950).

## 10. Trustees' and key management personnel remuneration and expenses

There were no trustees' remuneration or other benefits for the year ended 31 March 2017, nor for the year ended 31 March 2016.

	2017 £	2016 £
<b>Trustees' expenses</b>		
Travel expenses	<u>6,477</u>	<u>10,501</u>

The total amount of employee benefits received by key management personnel is £86,632 (2016 £74,233). The Trustees consider its key management personnel to be the Chief Executive.

## 11. Staff costs and employee benefits

The average monthly number of employees and full time equivalents (FTE) during the year was as follows:

	2017 Ave	2017 FTE	2016 Ave	2016 FTE
Administration	6	5	6	5
Chief executive	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>7</u>	<u>6</u>	<u>7</u>	<u>6</u>

The total staff costs and employee benefits was as follows:

	£	£
Salaries	194,222	181,467
Social security	15,064	14,555
Defined contribution pension costs	4,040	3,648
Other employee benefits	<u>2,832</u>	<u>530</u>
	<u>216,158</u>	<u>200,200</u>

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

£70,001 - £80,000	-	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

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## THE BRITISH TEXEL SHEEP SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017

## 12. Tangible fixed assets

	Long leasehold £	BASCO database £	Show equipment £	Office equipment £	Grant related £	Total £
<b>COST</b>						
At 1 April 2016	160,393	7,200	58,458	80,201	-	306,252
Additions	-	-	<u>5,374</u>	<u>4,918</u>	<u>20,117</u>	<u>30,409</u>
At 31 March 2017	<u>160,393</u>	<u>7,200</u>	<u>63,832</u>	<u>85,119</u>	<u>20,117</u>	<u>336,661</u>
<b>DEPRECIATION</b>						
At 1 April 2016	148,505	7,200	53,211	73,866	-	282,782
Charge for year	<u>7,636</u>	-	<u>4,944</u>	<u>5,010</u>	<u>4,261</u>	<u>21,851</u>
At 31 March 2017	<u>156,141</u>	<u>7,200</u>	<u>58,155</u>	<u>78,876</u>	<u>4,261</u>	<u>304,633</u>

**NET BOOK VALUE**

At 31 March 2017	<u>4,252</u>	<u>-</u>	<u>5,677</u>	<u>6,243</u>	<u>15,856</u>	<u>32,028</u>
At 31 March 2016	<u>11,888</u>	<u>-</u>	<u>5,247</u>	<u>6,335</u>	<u>-</u>	<u>23,470</u>

**13. Fixed asset investments**

	Listed investments £	Unlisted investments £	Total £
<b>MARKET VALUE</b>			
At 1 April 2016	559,065	80,000	639,065
Purchases at cost	5,869	-	5,869
Sales proceeds	(2,555)	-	(2,555)
Revaluations	<u>102,548</u>	<u>-</u>	<u>102,548</u>
At 31 March 2017	<u>664,927</u>	<u>80,000</u>	<u>744,927</u>

**Listed investments**

	Cost £	Valuation £
At 31 March 2017	<u>501,310</u>	<u>664,927</u>
At 31 March 2016	<u>497,996</u>	<u>559,065</u>

**Listed investments comprise the following:**

	2017 £	2016 £
NFU Mutual balanced portfolio fund	395,918	319,715
Old Mutual Wealth multi-fund investment portfolio	268,709	239,050
Farmers first	<u>300</u>	<u>300</u>
	<u>664,927</u>	<u>559,065</u>

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**THE BRITISH TEXEL SHEEP SOCIETY LIMITED****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
For the year ended 31 March 2017**13. Fixed asset investments (continued)**

The company's investments at the balance sheet date in the share capital of companies include the following:

**BASCO Data Limited**

Country of incorporation: England and Wales  
Nature of business: Development of Livestock Systems

Class of shares: holding  
Ordinary 33%

	2016 £	2015 £
Aggregate capital and reserves	111,667	141,084
(Loss) for the year	<u>(29,417)</u>	<u>(37,664)</u>

The above figures are taken from the latest filed accounts for the year ended 31 March 2016.

The investment in BASCO Data Limited, at a cost of £80,000, is matched by the designated BASCO fund in reserves

#### Sundry listed investment

The company holds a small listed investment of 300 ordinary 50p shares in Farmers First plc. This company is incorporated in the United Kingdom and registered in England and Wales. Its principal activity is to give assistance to UK livestock producers. The market value of these shares at the year-end is not materially different to the cost of £300.

#### 14. Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	39,511	32,592
Value added tax	3,819	2,306
Other debtors	30,382	24,775
Gift aid	15,575	15,744
Prepayments	<u>30,465</u>	<u>18,040</u>
	<u>119,752</u>	<u>93,457</u>

#### 15. Creditors: amounts falling due within one year

Trade creditors	29,143	39,617
Social security and other taxes	5,612	4,411
Deferred income - subscriptions	49,800	47,925
Accruals	<u>34,755</u>	<u>36,525</u>
	<u>119,310</u>	<u>128,478</u>

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### THE BRITISH TEXEL SHEEP SOCIETY LIMITED

#### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017

#### 16. Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than one year	10,217	10,217
Later than one and not later than five years	16,615	24,621
Later than five years	<u>73,900</u>	<u>76,112</u>
	<u>100,732</u>	<u>110,950</u>

#### 17. Related party transactions

The Society holds an investment of 33% of the issued ordinary share capital of BASCO Data Limited

£

During the year the Society received from BASCO Data Limited:

Sale of recharged costs	952
And the Society paid to BASCO Data Limited: Transaction and Texel specific enhancement charges	25,033

The Society owed BASCO Data Limited £817 at 31 March 2017

There were no other material related party transactions during the year.

#### 18. Movement in funds

	At 1.4.2016 £	Net movement in funds £	Transfers £	At 31.3.2017 £
<b>Unrestricted funds</b>				
General fund	678,912	144,853	(34,334)	789,431
Designated fund - BASCO	150,000	-	-	150,000
Designated fund - Breed development	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>928,912</u>	<u>144,853</u>	<u>(34,334)</u>	<u>1,039,431</u>
<b>Restricted funds</b>				
TSB Mastitis project	-	(9,730)	9,730	-
Taste v Waste project	-	(14,971)	14,971	-
VIA project	-	(9,633)	9,633	-
Eastern Texel Breeders Club	<u>-</u>	<u>4,426</u>	<u>-</u>	<u>4,426</u>
	<u>-</u>	<u>(29,908)</u>	<u>34,334</u>	<u>4,426</u>
<b>TOTAL FUNDS</b>	<u>928,912</u>	<u>114,945</u>	<u>-</u>	<u>1,043,857</u>

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### THE BRITISH TEXEL SHEEP SOCIETY LIMITED

#### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED For the year ended 31 March 2017

#### 18. Movement in funds (continued)

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	<u>621,395</u>	<u>(579,090)</u>	<u>102,548</u>	<u>144,853</u>
<b>Restricted funds</b>				
TSB Mastitis project	101,140	(110,870)	-	(9,730)
Taste v Waste project	63,398	(78,369)	-	(14,971)
VIA project	11,943	(21,576)	-	(9,633)
Eastern Texel Breeders Club	<u>4,426</u>	<u>-</u>	<u>-</u>	<u>4,426</u>
	<u>180,907</u>	<u>(210,815)</u>	<u>-</u>	<u>(29,908)</u>
<b>TOTAL FUNDS</b>	<u>802,302</u>	<u>(789,905)</u>	<u>102,548</u>	<u>114,945</u>

#### 19. Purpose of funds

The BASCO fund of £150,000 is an unrestricted designated fund, created for the purpose of supporting the initial investment of £80,000 and the provision of a loan of £70,000 for BASCO

Data Limited for database development and support of online services. The original loan of £70,000 made in 2007 has been repaid.

The Breed Development fund is an unrestricted designated fund, created for the purpose of supporting genetic improvement of the breed.

Three separate restricted funds have been created for the purpose of managing the specific research projects each funded separately and in part by Innovate UK grants. 1. TSB Mastitis Project, 2. Taste Vs Waste Project and 3. VIA Project.

Eastern Texel Breeders Club Committee closed the Club. This was a separate organisation not affiliated to the Texel Society. A restricted fund of £4,426 has been set up for the purpose of supporting the Clubs constitution which states "in the event of the clubs closure for any reason any credit of money shall be transferred to the funds of the British Texel Sheep Society for them to hold for a reasonable time in the hope that the club would be reformed at a future date".