REGISTERED COMPANY NUMBER: SC055423 (Scotland)

REGISTERED CHARITY NUMBER: SC007271

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS for the year ended 31 March 2020 FOR THE BRITISH TEXEL SHEEP SOCIETY LIMITED (A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2020

The Trustees present their report and the financial statements of the charity for the year ended 31 March 2020. 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

R Campbell - President and Chairman
J Aitken – V President and V Chairman
A Barr – Hon Treasurer
T T Evans resigned 1.5.20
A R Gault
G M Hill
D R Jones
G Knox
S Martin
D J McKerrow
P J Mitchell
S Richardson
S J Smith

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 2020

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 has had a successful year in the delivery of its core purposes, whilst completing 2 major pioneering initiatives;

The completion of the 36 month Innovate UK part funded collaborative research project (April2020) with Scottish Rural College (SRUC) and Anglo Beef processors (ABP) – "Carcase trait phenotype feedback for genomic selection in sheep. This project has developed novel breeding values utilising an innovative phenotyping method- Video Image Analysis. This project lays the foundation for genomic selection in Texel sheep and will prove invaluable.

The project to replace the aging Basco database started during the year, following extensive preparation during 2018. Whilst society services continued to use Basco during 2020, a new contract was issued to Rezare Systems Uk Ltd for the creation of an entirely new platform specific for the Texel Society. Named iTexel, the project has been rolled out in phases during the year, with its initial development due to complete in May 2020. As the Society manages large volumes of data critical for the delivery of its membership services the board has been mindful of the large investment required and the complexity of the project. iTexel will provide the necessary future proofing essential for the business and all those that rely on Texel membership data.

This initiative provides the foundation for the Society digital first vision set out by the board in 2017. Aimed at both integrating services more efficiently and delivering them more effectively. The latest database technology has been used to improve the collection, storage, analysis and dissemination of Texel data. The boards vision is to provide easy to use functionality, whether using desktops, smartphones or tablets, ensuring the new database has the adaptability to utilise other software applications seamlessly. The boards aim is to improve the benefits for members and their customers as they rely heavily on information from Texel data in the operation of their flocks and businesses.

The development of a new database combined with a root and branch review of administrative procedures has provided major improvements and efficiencies at the society office with the roll out of new financial administrative software also achieved. The society now uses Xero accounting software along with gocardless direct debit services. Providing improvements in customer service, administrative efficiency and improved cyber security. The Society achieved cyber essentials accreditation in November 2019.

The Society continues to invest in its website and social media platforms, whilst supporting hard copy promotions, with its annual Journal and commercial magazine-Primestock with member bulletins provided biannually.

Prudent financial management of the operating activity during the year was supported from operating income and research funds. Further funding from reserves was approved by the board for the development of iTexel. The decision to use reserves for database development was based on its critical requirement for long term benefit for all stakeholders impacting on both 2019/20 and 2020/21 financial periods.

Income decreased £36,093 (3.7%) from £965,499 to £929,406 largely due to a decrease in grant income to support research projects, buffered by an increase in charitable income from membership services.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2020

ACHIEVEMENTS AND PERFORMANCE

Subscription income during the year rose £6,733 (6.4%) to £111,587. Registrations income rose £27,031 (6.85%) to £421,665. Income from the society new service texelplus rose £6,150 (19.64%) to £37,458. Income from sheep sales auctions rose £20,236 (18.62%) to £128,899. Grant income to support R&D projects tracked budget providing £184,409 a decrease of £58,682 in the year. Total income from charitable activities, including grants received, performed similarly to previous years, £922,949 when compared to £919,833 (Note 3).

Expenditure has increased by 4.3% from £996,487 to £1,039,301 (£42,814).

Expenditure on charitable activities performed similar to previous year £978,212 compared to £974,398 with only a modest increase of £3,814 (0.39%).Salary costs decreased by £18,161 (5.8%) to £293,211 with further decreases expected as the digital first strategy is implemented and as the large-scale research projects close, the board expect research costs to reduce, mirroring the change in research activity.

Listed investments provide for a part of society reserves, comprising the NFU Balanced Share Portfolio and Old Mutual Wealth Multi-fund Portfolio. A draw down from these funds was approved by the board in early 2019, to fund in part the iTexel database. Fund values of £197,963 and £78,251 respectively total £276,214 and compare to a previous total of £496,698. This represents a £220,484 decrease in value, including the investment performance decrease during the year of £32,772. The reduced investment performance was due to the impact of COVID-19 pandemic on global markets. The pandemic has had no other impact on the financial performance of the society during the period under review.

The remaining value of £60,000 of Basco Data ltd on the Society balance sheet has been impaired.

Operating performance provides a net expenditure of £109,895 with a further decrease on investments of £32,772 providing an overall net expenditure of £142,667 for the period under review.

The Society's total funds carried forward total £878,666

Financial review

The net expenditure for the year amounted to £142,667. This amount has been deducted from reserves brought forward leaving fund balances of £878,666 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 2020 stood at £754,231 compared with unrestricted expenditure in the year of £645,179.

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. 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.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2020

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 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 Articles of Association is available to all members at www.texel.uk/our-society/society-rules/ and also 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.

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 orientation and training to brief them on their legal obligations and compliance under charity and company law, the content of the 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.

Pay policy for key management personnel

The pay policy is reviewed annually and normally increased in accordance with average earnings.

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 satisfactory insurance cover is provided for the Society.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2020

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 the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities**.**

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:

R Campbell - Chairman - Trustee   12 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE BRITISH TEXEL SHEEP SOCIETY LIMITED

Opinion

We have audited the financial statements of The British Texel Sheep Society Limited (the "charitable company") for the year ended 31 March 2020 which comprise a statement of financial activities, a balance sheet, statement of cash flows and notes to the financial statements, 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 March 2020, 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.

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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements 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 financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE BRITISH TEXEL SHEEP SOCIETY LIMITED

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 financial statements 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 the 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 Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper 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.; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE BRITISH TEXEL SHEEP SOCIETY LIMITED

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, set out 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

12 August 2020

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2020

	Note	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME FROM:					
Donated services		-	-	-	41,057
Charitable activities	3	738,540	184,409	922,949	919,833
Investment income	4	6,457	-	6,457	4,609
Total income		744,997	184,409	929,406	965,499
EXPENDITURE ON:					
Investment broker's fees		1,089	-	1,089	2,089
Impairment of investment		60,000	-	60,000	20,000
Charitable activities	5	584,090	394,122	978,212	974,398
Total expenditure		645,179	394,122	1,039,301	996,487
		99,818	(209,713)	(109,895)	(30,988)
Net gains/(losses) on investments		(32,772)	-	(32,772)	7,394
Net income / (expenditure) for the year	8	67,046	(209,713)	(142,667)	(23,594)
Transfer between funds		(210,464)	210,464	-	-
Net movement in funds		(143,418)	751	(142,667)	(23,594)
Total funds brought forward		997,649	23,684	1,021,333	1,044,927
TOTAL FUNDS CARRIED FORWARD		854,231	24,435	878,666	1,021,333

The notes on pages 12 to 19 form an integral part of these financial statements

THE BRITISH TEXEL SHEEP SOCIETY LIMITED
(REGISTERED NUMBER: SC055423 - SCOTLAND)

BALANCE SHEET
At 31 March 2020

	Note	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	12	234,401	-	234,401	21,596
Investments	13	276,514	-	276,514	556,998
		510,915	-	510,915	578,594
CURRENT ASSETS					
Stocks		6,827	-	6,827	4,387
Debtors	14	160,608	18,875	179,483	163,544
Cash at bank and in hand		330,201	5,560	335,761	426,373
		497,636	24,435	522,071	594,304
CREDITORS					
Amounts falling due within one year	15	(154,320)	-	(154,320)	(151,565)
NET CURRENT ASSETS		343,316	24,435	367,751	442,739
NET ASSETS		854,231	24,435	878,666	1,021,333
FUNDS	18				
Unrestricted funds				854,231	997,649
Restricted funds				24,435	23,684
TOTAL FUNDS				878,666	1,021,333

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 12 August 2020 and were signed on its behalf by

R Campbell - Chairman - Trustee

The notes on pages 12 to 19 form an integral part of these financial statements.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities:		
Net (expenditure) / income for the year	(142,667)	(23,594)
Adjustments for:		
Depreciation charge	26,681	45,435
Impairment of investment	60,000	20,000
(Gains)/ losses on investments	32,772	(7,394)
Investment income	(6,457)	(4,609)
(Increase) in stocks	(2,440)	(705)
(Increase) in debtors	(15,939)	(34,042)
Increase in creditors	2,755	24,009
Net cash provided by (used in) operating activities	(45,295)	19,100
Cash flows from investing activities:		
Investment income	6,457	4,609
Proceeds from sale of investments	193,089	194,089
Purchase of investments	(5,377)	(4,277)
Purchase of fixed assets	(239,486)	(20,615)
Net cash provided by / (used in) investing activities	(45,317)	173,806
Change in cash and cash equivalents during year	(90,612)	192,906
Cash and cash equivalents at beginning of year	426,373	233,467
Cash and cash equivalents at end of year	335,761	426,373

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

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**.**

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 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.

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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.

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.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

2. Accounting policies (continued)

Income recognition (continued)

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.

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
iTexel software	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.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

2. Accounting policies (continued)

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

	2020 £	2019 £
Subscriptions	111,587	104,854
Gift aid	15,000	15,477
Registrations	421,665	394,634
Performance recorded Texel's	37,458	31,308
Publications	9,849	12,898
Auctions	128,899	108,663
Breed development	2,199	2,320
Grant Income	184,409	243,091
Sundry income	11,883	6,588
	922,949	919,833

Income from charitable activities was £922,949 (2019 £919,833) of which £184,409 (2019 £243,091) was attributable to restricted funds and £738,540 (2019 £676,742) was attributable to unrestricted funds.

4. Income from investments

	2020 £	2019 £
Dividends	5,407	4,300
Interest	1,050	309
	6,457	4,609

Income from investments was all attributable to unrestricted funds.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

5. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total £
Sales, shows and publications	177,198	51,417	228,615
Registrations	62,079	229,652	291,731
Breed development	2,048	61,696	63,744
Projects	296,909	97,213	394,122
	538,234	439,978	978,212

£394,122 (2019 £440,334) of the above costs were attributable to restricted funds and £584,090 (2019 £534,064) was attributable to unrestricted funds.

6. Allocation of support costs

	Sales, shows and publications £	Registrations £	Breed development £	Projects £	Total £
Governance	1,926	8,603	2,311	-	12,840
Payroll	32,475	145,055	38,970	69,883	286,383
Travelling	1,862	8,317	2,234	-	12,413
Office costs	6,528	29,159	7,834	15,399	58,920
Leasing	351	1,564	420	-	2,335
Legal and professional	4,117	18,388	4,940	-	27,445
Other costs	190	847	227	-	1,264
Bad debts	833	3,720	999		5,552
Bank charges	922	4,117	1,106	-	6,145
Depreciation	2,213	9,882	2,655	11,931	26,681
	51,417	229,652	61,696	97,213	439,978

7. Governance costs

	2020 £	2019 £
Auditor’s remuneration	5,560	5,660
Meetings	7,280	14,715
	12,840	20,375

8. Net income / (expenditure)

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

	2020 £	2019 £
Depreciation – owned assets	26,681	87,913
Operating lease costs	10,389	11,009
Auditors’ remuneration	5,560	5,660

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

9. Auditors remuneration

The auditor's remuneration amounts to an audit fee of £3,200 (2019 £3,200) and a fee for assistance with the accounts preparation of £2,360 (2019 £2,460).

10. Trustees' and key management personnel remuneration and expenses

There were no trustees' remuneration or other benefits for the year ended 31 March 2020, nor for the year ended 31 March 2019.

	2020	2019
	£	£
Trustees' expenses		
Travel expenses	3,359	6,570

The total amount of employee benefits received by key management personnel is £102,309 (2019 £120,939). 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:

	2020 Ave	2020 FTE	2019 Ave	2019 FTE
Administration	6	5	6	5
Chief executive	1	1	1	1
	7	6	7	6

The total staff costs and employee benefits was as follows:

	£	£
Salaries	243,349	244,638
Social security	22,747	22,442
Defined contribution pension costs	20,287	38,934
Other employee benefits	6,828	5,358
	293,211	311,372

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

£80,001 - £90,000	1	1

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

12. Tangible fixed assets

	Long Leasehold £	iTexel Development £	Grant related £	Equipment £	Total £
COST					
At 1 April 2019	160,393	-	80,994	163,233	404,620
Additions	8,504	229,427	-	1,555	239,486
Disposals	-	-	-	-	-
At 31 March 2020	168,897	229,427	80,994	164,788	644,106
DEPRECIATION					
At 1 April 2019	160,393	-	69,063	153,568	383,024
Charge for year	180	7,833	11,931	6,737	26,681
Disposals	-	-	-	-	-
At 31 March 2020	160,573	7,833	80,994	160,305	409,705
NET BOOK VALUE					
At 31 March 2020	8,324	221,594	-	4,483	234,401
At 31 March 2019	-	-	11,931	9,665	21,596

13. Fixed asset investments

Market value	**2020 £**	**2019 £**
As at 1 April 2019	496,998	679,416
Purchases at cost	5,377	4,277
Sales proceeds	(193,089)	(194,089)
Revaluation	(32,772)	7,394
As at 31 March 2020	276,514	496,998
Shares in subsidiary (2020: £60,000 impairment)	-	60,000
The company	276,514	556,998

Shares in subsidiary
Name: BASCO Data Limited
Company number: 05024739 (England and Wales)
Nature of business: Development of Livestock Systems
Class of shares: Ordinary - Holding: 100%

Listed investments

	Cost £	**Valuation** £
At 31 March 2020	219,146	276,514
At 31 March 2019	362,354	496,998

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

13. Fixed asset investments (continued)

Listed investments comprise the following:	2020 £	2019 £
NFU Mutual balanced portfolio fund	197,963	411,420
Old Mutual Wealth multi-fund investment portfolio	78,251	85,278
Farmers first	300	300
	276,514	496,998

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: amounts due within one year

	2020 **£**	**2019** **£**
Trade debtors	41,240	36,469
Value added tax	27,500	5,801
Other debtors	80,670	58,930
Gift aid	15,134	15,594
Prepayments	14,939	46,750
	179,483	163,544

15. Creditors: amounts falling due within one year

Trade creditors	80,222	72,851
Social security and other taxes	6,914	-
Other creditors	700	2,301
Deferred income – subscriptions	51,550	59,271
Accruals	14,934	17,142
	154,320	151,565

16. Operating leases

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

	2020 £	2019 £
Not later than one year	10,274	10,274
Later than one and not later than five years	17,158	25,220
Later than five years	31,882	34,094
	59,314	69,588

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2020

17. Related party transactions

There were no material related party transactions during the year.

18. Movement in funds

	At 1.4.2019	Net movement in funds	Transfers	At 31.3.2020
	£	£	£	£
Unrestricted funds				
General fund	747,649	67,046	(60,464)	754,231
Designated fund - BASCO	150,000	-	(150,000)	-
Designated fund - Breed development	100,000	-	-	100,000
	997,649	67,046	(210,464)	854,231
Restricted funds				
VIA project	-	(210,464)	210,464	-
Smarter project	19,258	(1,262)	-	17,996
Grass to gas project	-	2,013	-	2,013
Eastern Texel Breeders Club	4,426	-	-	4,426
	23,684	(209,713)	210,464	24,435
TOTAL FUNDS	1,021,333	(142,667)	-	878,666

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

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	744,997	(645,179)	(32,772)	67,046
Restricted funds				
VIA project	165,534	(375,998)	-	(210,464)
Smarter project	14,912	(16,174)	-	(1,262)
Grass to gas project	3,963	(1,950)	-	2,013
	184,409	(394,122)	-	(209,713)
TOTAL FUNDS	929,406	(1,039,301)	(32,772)	(142,667)

19. Purpose of funds

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 or Horizon 2020 grants. Project 1. VIA Project, Project 2. Smarter Project and Project 3. Grass to Gas Project.

Eastern Texel Breeders Club Committee closed their Club in 2019. 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”.