REGISTERED COMPANY NUMBER: SC055423 (Scotland)

REGISTERED CHARITY NUMBER: SC007271

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS for the year ended 31 March 2021 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 2021

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2021

The Trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

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

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 2021

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, development 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

Unprecedented challenges faced the Society in 2020/21, with the escalating disruption throughout the year caused by the social distancing rules issued by government to contain the COVID19 pandemic.

The Society Board and its committees adapted and navigated the challenges well, resorting to the use of digital communications effectively. Meeting more often than would have been feasible face to face. The added benefit was the noticeable reduction on costs of holding meetings. Society staff adapted quickly supported by the recent investments in digital cloud technology made by the Society, allowing remote working with little disruption to the society, the staff in their support of membership.

The major business performance highlights were;

- Completion of the iTexel database (phase I), supporting the decommissioning of the aged BASCO database. This new database immediately proved itself supporting staff working remotely, due to COVID19 social distance restrictions. Member's feedback on the iTexel database has also been complimentary.
- Migration of texelplus genetic improvement services from Basco to iTexel, improving convenience of data capture provided by members and the publishing of analysed results to members in their flock reports and on animal registry.
- Completion of largescale Innovate UK research projects.
- Adoption of new accounts software replacing SAGE with XERO, providing improved integration between Xero and iTexel, supporting email invoicing for the membership.
- Highly successful sales cataloguing services provided through iTexel and overall sales performance by the membership.

£860,262 income was received (2020 £929,406) a decrease of £69,144 (7.4%). The decrease in income was largely influenced by the completion of research projects which provided £32,974 (2020 £184,409) a decrease of £151,435.

Overall income has proved positive with increases achieved in core areas of services, outside the influence of research grant income. Subscriptions provided £125,221 (2020 £111,587) a rise of £13,634 (12.2%). Registration's income provided £475,299 (2020 £421,665) a rise of £53,634 (12.7%) Sales auctions, income was impacted, due to increased cutbacks of member entries to support COVID19 social distancing rules, providing £116,285 (2020 £128,899) a decrease of £12,614 (9.8%) although this is expected to recover in 2021/22. Gift Aid income provided £9,560 (2020 £15,000), a decrease following a review of mandates and audit of process, Gift Aid income is expected to increase in 2020/21 due to improved communication with members.

Income from charitable activities ended £845,945 (2020 £922,949) decreasing by £77,004 (8.3%) (NOTE3).

Income from investments provided £14,317 (2020 £6,457).

Expenditure of £677,725 (2020 £1,039,301) was required to deliver society services decreasing by £361,576 providing a (34.7%) improvement due to completing the largescale research projects.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2021

ACHIEVEMENTS AND PERFORMANCE (cont'd)

Expenditure on charitable activities of £674,212 (2020 £978,212) provided a reduction of £304,000 (31%). Modest improvements were made in reduction of other costs, cost of operating governance and trustees meetings, due to COVID19 social distance rules. Salary costs of £263,654 (2020 £293,211) reduced slightly following a restructure. Income protection insurance cover of £19,417 was received in the period.

Listed investments provide for a part of society reserves, comprising the NFU Balanced Share Portfolio and Old Mutual Wealth Multi-fund Portfolio.

Operating performance for the period under review provides a net contribution of £245,516 (2020 net deficit £142,667) including investment performance gain of £62,979 (2020 loss £32,772).

The Society's total funds carried forward total £1,124,182 (2020 £878,666).

Financial review

The net income for the year amounted to £245,516. This amount has been added to reserves brought forward leaving fund balances of £1,124,182 at the end of the year. The results were influenced by the impact of COVID19 and achieved above what the Board considers to be a normal operating performance. The Board navigated the difficult challenges during the year, maintaining the Society focus to maintain, develop, and deliver core services. Unfortunately, the promotion of the breed at farm and show events was heavily disrupted due to COVID19, resulting in reduced costs which has positively influenced net income.

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 2021 stood at £987,006 compared with unrestricted expenditure in the year of £662,625.

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 of purpose, be financially sustainable and successful. The societies digital vision, improving data services and member and industry communications remains on track. The next steps involve attracting new funds to the society through collaborative research projects, investment in its iTexel database, assessment of the potential for publishing genomic information, supported by optimising the society texelplus phenotyping and genotyping genetic improvement programme.

The Society continues to operate in a changing landscape with government Agri policies now taking shape being implemented over a 7-year transitional period. The new Agri policies whilst do not directly impact the Society, indirectly they impact as they disrupt farming income, both changing behaviour of farmers and the income they receive. It is these farming businesses that largely make up the demographic the Society membership and remain the focus for developing Society services for their benefit.

Therefore, improvements in data collection and storage and the exploitation of genomic technologies for enhanced pedigree services and to support breed development is critical. These activities 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 2021

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 and to provide vision. 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 strength of the Society lies in the quality and commitment of its employees. In particular their ability to meet objectives, and support Members and stakeholders effectively. Regular staff meetings are held and further involvement of staff in committee meetings and events is encouraged. The Society is committed to equal opportunities for all its employees.

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. 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. A key element in the management of financial risk is the setting of a reserves policy.

Strategic Planning and Communications
The Board supports key objectives, utilising the **MORE** values, with the aim to:

- **M**ake a positive impression
- **O**perate as one organisation
- **R**eaching our potential
- **E**mbracing innovation

There is a clear track record of driving cost reduction and improved performance whilst generating savings for re investment in core resources to support registry services, promotional activity, and breed development.

Value for money measures and performance assessments are monitored and reported on a regular basis to enable the Board to oversee delivery of the organisation, its objectives and ensure services are maintained and developed to provide value for money to the membership.

- The committees meet at least twice a year and provide recommendations to the board, whilst supporting staff in their operational duty.
- The Finance & General committee meets quarterly and receives performance reports and quarterly budget monitoring report.
- The Board meet three times a year to consider recommendations from the committees, review organisational performance against budget (Key Performance Indicators) and consider strategic planning.

The thirteen Regional Directors engage with their regional members to provide a scrutinising framework. Directors are encouraged to meet with regional clubs and are supported by the production by the Society of member publications. The members bulletin is produced in hard copy and mailed directly to members twice annually with social media, webmail and website providing the most suitable and cost effective digital media to communicate Society activity on a daily/weekly basis.

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;
- 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.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES
for the year ended 31 March 2021

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:

Roy Campbell

R Campbell - Chairman - Trustee

18 August 2021

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 2021 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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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

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

Other information (cont'd)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. 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
18 August 2021

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME FROM:					
Charitable activities	3	812,971	32,974	845,945	922,949
Investment income	4	14,317	-	14,317	6,457
Total income		827,288	32,974	860,262	929,406
EXPENDITURE ON:					
Investment broker's fees		3,513	-	3,513	1,089
Impairment of investment		-	-	-	60,000
Charitable activities	5	659,112	15,100	674,212	978,212
Total expenditure		662,625	15,100	677,725	1,039,301
		164,663	17,874	182,537	(109,895)
Net gains/(losses) on investments		62,979	-	62,979	(32,772)
Net income / (expenditure) for the year	8	227,642	17,874	245,516	(142,667)
Transfer between funds		5,133	(5,133)	-	-
Net movement in funds		232,775	12,741	245,516	(142,667)
Total funds brought forward		854,231	24,435	878,666	1,021,333
TOTAL FUNDS CARRIED FORWARD		1,087,006	37,176	1,124,182	878,666

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

BALANCE SHEET
At 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Tangible assets	12	309,785	-	309,785	234,401
Investments	13	438,725	-	438,725	276,514
		748,510	-	748,510	510,915
CURRENT ASSETS					
Stocks		11,219	-	11,219	6,827
Debtors	14	73,367	27,833	101,200	179,483
Cash at bank and in hand		376,307	9,343	385,650	335,761
		460,893	37,176	498,069	522,071
CREDITORS					
Amounts falling due within one year	15	(122,397)	-	(122,397)	(154,320)
NET CURRENT ASSETS		338,496	37,176	375,672	367,751
NET ASSETS		1,087,006	37,176	1,124,182	878,666
FUNDS	18				
Unrestricted funds				1,087,006	854,231
Restricted funds				37,176	24,435
TOTAL FUNDS				1,124,182	878,666

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 FRS 102 SORP.

The financial statements were approved by the Board of Trustees on 18 August 2021 and were signed on its behalf by

Roy Campbell

R Campbell - Chairman - Trustee

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	2021	2020
	£	£
Cash flows from operating activities:		
Net income / (expenditure) for the year	245,516	(142,667)
Adjustments for:		
Depreciation charge	36,989	26,681
Impairment of investment	-	60,000
(Gains)/ losses on investments	(62,979)	32,772
Investment income	(14,317)	(6,457)
(Increase) in stocks	(4,392)	(2,440)
Decrease / (increase) in debtors	78,283	(15,939)
Increase in creditors	(31,923)	2,755
Net cash provided by (used in) operating activities	247,177	(45,295)
Cash flows from investing activities:		
Investment income	14,317	6,457
Proceeds from sale of investments	3,513	193,089
Purchase of investments	(102,745)	(5,377)
Purchase of fixed assets	(112,373)	(239,486)
Net cash (used in) investing activities	(197,288)	(45,317)
Change in cash and cash equivalents during year	49,889	(90,612)
Cash and cash equivalents at beginning of year	335,761	426,373
Cash and cash equivalents at end of year	385,650	335,761

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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)(effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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.

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 2021

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 2021

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

	2021 £	2020 £
Subscriptions	125,221	111,587
Gift aid	9,560	15,000
Registrations	475,299	421,665
Performance recorded Texel's	36,447	37,458
Publications	9,311	9,849
Auctions	116,285	128,899
Breed development	3,599	2,199
Project income	32,974	184,409
Grants received	5,600	-
Government grants	3,052	-
Insurance claims	19,417	-
Sundry income	9,180	11,883
	845,945	922,949

Income from charitable activities was £845,945 (2020 £922,949) of which £32,974 (2020 £184,409) was attributable to restricted funds and £812,971 (2020 £738,540) was attributable to unrestricted funds.

4. Income from investments

	2021 £	2020 £
Dividends	14,195	5,407
Interest	122	1,050
	14,317	6,457

Income from investments was all attributable to unrestricted funds.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2021

5. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total £
Sales, shows and publications	110,320	63,795	174,115
Registrations	53,713	284,947	338,661
Breed development	69,783	76,554	146,336
Projects	10,140	4,960	15,100
	243,956	430,256	674,212

£15,100 (2020 £394,122) of the above costs were attributable to restricted funds and £659,112 (2020 £584,090) was attributable to unrestricted funds.

6. Allocation of support costs

	Sales, shows and publications £	Registrations £	Breed development £	Projects £	Total £
Governance	1,072	4,785	1,286	-	7,143
Payroll	37,943	169,483	45,533	3,440	256,399
Travelling	1,493	6,670	1,792	-	9,955
Office costs	8,431	37,656	10,117	1,520	57,724
Leasing	380	1,695	455	-	2,530
Legal and professional	6,019	26,882	7,222	-	40,123
Other costs	627	2,801	753	-	4,181
Bad debts	994	4,441	1,193		6,628
Bank charges	1,288	5,751	1,545	-	8,584
Depreciation	5,548	24,783	6,658	-	36,989
	63,795	284,947	76,554	4,960	430,256

7. Governance costs

	2021 £	2020 £
Auditor's remuneration	5,750	5,560
Meetings	1,393	7,280
	7,143	12,840

8. Net income / (expenditure)

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

	2021 £	2020 £
Depreciation – owned assets	36,989	26,681
Operating lease costs	10,354	10,389
Auditors' remuneration	5,750	5,560

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2021

9. Auditors remuneration

The auditor's remuneration amounts to an audit fee of £3,300 (2020 £3,200) and a fee for assistance with the accounts preparation of £2,450 (2020 £2,360).

10. Trustees' and key management personnel remuneration and expenses

There were no trustees' remuneration or other benefits for the year ended 31 March 2021, nor for the year ended 31 March 2020.

	2021	2020
	£	£
Trustees' expenses		
Travel expenses	-	3,359

The total amount of employee benefits received by key management personnel is £112,510 (2020 £102,309). 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:

	2021 Ave	2021 FTE	2020 Ave	2020 FTE
Administration	5	4	6	5
Chief executive	1	1	1	1
	6	5	7	6

The total staff costs and employee benefits was as follows:

	£	£
Salaries	207,988	243,349
Social security	18,819	22,747
Defined contribution pension costs	29,592	20,287
Other employee benefits	7,255	6,828
	263,654	293,211

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
£90,000 - £100,000	1	

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2021

12. Tangible fixed assets

	Long Leasehold £	iTexel Development £	Grant related £	Equipment £	Total £
COST					
At 1 April 2020	168,897	229,427	80,994	164,788	644,106
Additions	-	106,463	-	5,910	112,373
Disposals	-	-	(80,994)	-	(80,994)
At 31 March 2021	168,897	335,890	-	170,698	675,485
DEPRECIATION					
At 1 April 2020	160,573	7,833	80,994	160,305	409,705
Charge for year	425	32,482	-	4,082	36,989
Disposals	-	-	(80,994)	-	(80,994)
At 31 March 2021	160,998	40,315	-	164,387	365,700
NET BOOK VALUE					
At 31 March 2021	7,899	295,575	-	6,311	309,785
At 31 March 2020	8,324	221,594	-	4,483	234,401

13. Fixed asset investments

Market value	**2021 £**	**2020 £**
As at 1 April 2020	276,514	496,998
Purchases at cost	102,745	5,377
Sales proceeds	(3,513)	(193,089)
Revaluation	62,979	(32,772)
As at 31 March 2021	438,725	276,514

Listed investments

	Cost £	**Valuation** £
At 31 March 2021	318,378	438,725
At 31 March 2020	219,146	276,514

Listed investments comprise the following:	2021 £	2020 £
NFU Mutual balanced portfolio fund	243,866	197,963
Old Mutual Wealth multi-fund investment portfolio	194,559	78,251
Farmers first	300	300
	438,725	276,514

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2021

13. Fixed asset investments (continued)

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

	2021 £	2020 £
Trade debtors	42,275	41,240
Value added tax	-	27,500
Other debtors	30,334	80,670
Gift aid	13,100	15,134
Prepayments	15,491	14,939
	101,200	179,483

15. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	21,315	80,222
Social security and other taxes	6,291	6,914
Value added tax	7,031	-
Other creditors	74	700
Deferred income - subscriptions	53,000	51,550
Accruals	34,686	14,934
	122,397	154,320

16. Operating leases

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

	2021 £	2020 £
Not later than one year	7,410	10,274
Later than one and not later than five years	11,959	17,158
Later than five years	29,671	31,882
	49,040	59,314

17. Related party transactions

There were no material related party transactions during the year.

THE BRITISH TEXEL SHEEP SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended 31 March 2021

18. Movement in funds

	At 1.4.2020 £	Net movement in funds £	Transfers £	At 31.3.2021 £
Unrestricted funds				
General fund	754,231	227,642	5,133	987,006
Designated fund - Breed development	100,000	-	-	100,000
	854,231	227,642	5,133	1,087,006
Restricted funds				
VIA project	-	353	(353)	-
Smarter project	17,996	14,401	-	32,397
Grass to gas project	2,013	3,120	(4,780)	353
Eastern Texel Breeders Club	4,426	-	-	4,426
	24,435	17,874	(5,133)	37,176
TOTAL FUNDS	878,666	245,516	-	1,124,182

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	827,288	(662,625)	62,979	227,642
Restricted funds				
VIA project	353	-	-	353
Smarter project	22,001	(7,600)	-	14,401
Grass to gas project	10,620	(7,500)	-	3,120
	32,974	(15,100)	-	17,874
TOTAL FUNDS	860,262	(677,725)	62,979	245,516

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 2021 grants. Project 1. VIA Project – finished in 2020, Project 2. Smarter Project and Project 3. Grass to Gas Project.

Eastern Texel Breeders Club Committee closed their Club in 2020. 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".