

**The National Sheep Association
A Company Limited By Guarantee**

**Financial Accounts For The
Year Ended 31 December 1996**

Registered number: 37818

**Critchleys
Chartered Accountants**



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**The National Sheep Association
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Trustees' Report

The full name of the organisation is "The National Sheep Association". It is governed by a Memorandum and Articles of Association and was incorporated in December 1892. This has been varied from time to time, the latest occasion being on 26th May 1988. It is registered as a Private Company Limited by Guarantee without Share Capital. Its Company Registration number is 37818. Its Charity Registration number is 249255.

The Trustees of the Charity are the officers of the Association. These are The President, Mr J Stoddart; The Chairman, Mr D Raine; and the Honorary Treasurer, Mr J Brown. President and Hon. Treasurer are elected by membership, Chairman is elected by Council. Mr J Brigg, the former Chairman, retired on 4 June 1996.

The Registered office is The Sheep Centre, Malvern, Worcestershire, WR13 6PH.

Lloyds Bank, Malvern are its bankers. Swatton Hughes and Co of Tring, Hertfordshire are its legal advisers. Critchleys of Witney, Oxon are its auditors and principal financial advisers.

The key objective of The Association, under the terms of the Memorandum, is fundamentally "to encourage and improve breeding, management and promotion of the sheep as a species and as an industry in the United Kingdom and elsewhere."

In the furtherance of this relatively wide basic objective it takes a broad interpretation of "promotion of the industry" to encompass the setting up of private and public dialogue with organisations whose vested interests might impinge beneficially or adversely on the sheep industry. To this extent it engages in discussions with welfarists, conservationists and environmentalists. It is also involved on a regular basis in informing Government and non Governmental organisations, both National and European, of the effects of their policies on the ability of the industry to thrive and is the source of a collective National view on practical issues affecting the sheep industry.

There have been no material changes in the Association's pursuance of its objectives.

The objects of the Association specifically preclude its involvement in the regulation of relations between workers and employers or organisations of workers and organisations of employers. Under Sections 4 and 5, the Memorandum sets out rules for the way in which the Association deals with its income and property and is reproduced as follows:-

"4. The income and property of the Association shall be applied solely towards the promotion of its objects as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Association and no member of its Council of Management or Governing Body shall be appointed to any office of the Association paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Association.

Provided that nothing herein shall prevent any payment in good faith by the Association;

- (a) of reasonable and proper remuneration to any member, officer or servant of the Association not being a member of its Council of Management or Governing Body for any services rendered to the Association;
- (b) of interest on money lent by any member of the Association or of its Council of Management or Governing Body at a rate per annum not exceeding 2 per cent less than the minimum lending rate prescribed for the time being by the Bank of England, or 3 per cent whichever is the greater;
- (c) of reasonable and proper rent for premises demised or let by any member of the Association or of its Council of Management or Governing Body;
- (d) of fees, remuneration or other benefit in money or money's worth to a company of which a member of the Council of Management or Governing Body may be a member holding not more than 1/100th part of the capital of the Association; and

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Trustees' Report continued

(e) to any member of its Council of Management or Governing Body for out-of-pocket expenses.

5. If any member of the Association pays or receives any

Dividend, Bonus or other profit in contravention of the terms of the fourth Paragraph of this Memorandum, his liability shall be unlimited."

ISSUES RAISED IN THE YEAR

The Association was involved in a great deal of contact with other organisations during the year. This included regular contact with Government at policy and administrative levels. Effective contact with agricultural leaders of the opposition and with senior personnel of a vast number of other relevant organisations. The following is a brief synopsis of issues raised at Council and Executive Board and which are recorded in Minutes.

Health

Scrapie

Due to the difficulties experienced by the cattle industry following an announcement from Health Minister, Mr Stephen Dorrell, that there might be a link between Bovine Spongiform Encephalopathy (BSE) and Creutzfeldt Jacob's Disease (CJD), there was a heightened interest in Scrapie during the year as it was thought by some, to date without any proof, that Scrapie may, have had an involvement in spreading BSE. The fact that Scrapie has been widely known in the sheep industry for many hundreds of years however without creating any apparent difficulties appears to have lessened public interest.

The result in trading terms was better prices for lamb for the greater part of the year and also increased interest in technology now available to identify sheep resistant to the disease. The Association has taken a pivotal role in getting this knowledge across to the industry.

As a side result of Scrapie and probably with links to the disease issue in cattle renewed efforts are being made to develop a system of identifying sheep in order to provide traceable links between farm of origin and ultimate consumer.

There is great concern within the Board that whilst there is recognition of the need for such traceability that the financial cost and increase in bureaucratic requirements would create real difficulties for the sheep industry without compensatory benefit.

Sheep Scab

Following an Association initiative which drew together a variety of interests under a Sheep Scab Action Group, the Ministry came out with draft legislation to see if an effective means could be devised to get the disease under control.

There were three main aspects to the proposals:-

1. Measures to make it a criminal offence to sell sheep which had the disease (except for direct to slaughter).
2. Measures to enforce clearing of common grazings where there was scab so that all sheep on such grazings would have to be treated.
3. Measures for it to be made a criminal offence knowingly to have sheep with scab without treating them.

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Trustees' Report continued

In view of the continued growing prevalence of scab, the new legislation was welcomed by Council.

There was also a great deal of concern expressed at the apparent increase in resistance to external parasite controls, the continued problems associated with usage of Organophosphorus dips (OPs) and the environmental problems associated with Synthetic Pyrethroids.

The attention of the authorities was drawn to the fact that whilst as long ago as 1984 Council had requested chemical manufacturers to come up with neutralising agents which could be added to spent dip before disposal, there was now a real urgency to progress this issue.

Criticism was expressed by a number of members about the problems associated with the Certificate of Competence. This was also communicated to the authorities.

With specific regard to protecting people engaged in the dipping procedure it was thought that greater efforts should be made to provide better, more acceptable personal protective equipment.

Maedi Visna Accreditation

The current scheme is being administered by Scottish Agricultural Colleges (SAC). The Association continues to be represented on its governing body.

Environmental Issues

The question of supports for sheep industry being decoupled from the actual sheep and placed instead on the land upon which they were farmed was discussed at many meetings during the year. The considered view of Council was that due to the exceptionally wide varieties of type of land and therefore its carrying capacity, that the only sensible way would be to link payments with historic carrying capacity of that land. As it was unlikely that this would differ materially from the present system, Council questioned the need for change and was particularly concerned that if there had to be change it should be for the better.

Concern was also expressed at the apparent lack of understanding of the essential need for balance in the various land using activities i.e. between sheep farming and shooting interests so that there was proper managed use of heather to provide cover for grouse and feed for sheep. There was also a great deal of concern about problems associated with considerable numbers of sheep being put off hills partly so that trees could be planted but also because of lack of knowledge of the benefits which sheep provided on grouse moors. As a result a conference was planned at which the NSA Chairman, David Raine, would read a paper setting out the deep concerns of the Council about the potential for long term harm which would result from short term policies.

As part of its ongoing efforts to develop understanding of conservation and environmental issues, evidence was given to the House of Commons Agriculture Committee regarding the various schemes to promote better conservation practices. The issues included:-

1. The danger of decoupling support payments from production;
2. The importance of retaining the ability of the sheep industry to contribute to rural economy;
3. The generally beneficial influence of sheep in the environment;

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Trustees' Report continued

4. The need to foster greater understanding of agriculture between conservationists, environmentalists, sheep farmers etc.;
5. The dangers inherent in the policy of the Ramblers Association 'Right to Roam';
6. The short and long term effects of ESA agreements;
7. Proper heather management;
8. Concepts of overgrazing and how legislation and economics can contribute to both overgrazing and undergrazing.
9. Dangers inherent in concepts involving cross compliance.

Welfare in Transport Directive

Having responded with a reasoned case and given oral evidence to the Government on the above issue, additional concern was expressed at the potential which existed for disease to be spread through the establishment of extra lairage stops because of maximum journey times. Having considered the whole issue with great care, Council recommended that it would be bad welfare practice to expose any animal to the risk of disease. However, where breeding animals were concerned the consequences would be far worse e.g. contracting Maedi Visna, sheep scab and various other more common infectious diseases. As a direct result of this observation and bearing in mind all the research work which had proven conclusively that sheep were able to travel considerable distances, provided the conditions were right, without taking harm, every effort should be made to develop this understanding in the minds of the legislators.

The Meat and Livestock Commission (M.L.C.)

Whilst there are many organisations with which the Association has regular contact, the MLC is considered overall to be of considerable significance. Whilst the Association is involved in much of the MLC's directional committee functions one of the most important groups to which the Association contributes its views is the Sheep Strategy Advisory Panel which consults all participants in the sheep industry. At the 1996 meeting the following items were identified as being the key issues.

- *Consumer confidence in the product;
- *Competitiveness (with other meats) and rationalisation of abattoir numbers and killing capacity;
- *Continued proper access to export markets;
- *Demand and home consumption;
- *Breeding for and maintaining quality;
- *Price levels and seasonal fluctuations;
- *The need to increase production;
- *Animal welfare;
- *Environmental legislation;

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Trustees' Report continued

*Ageing sheep farmers;

*The dangers of over reliance on EU support.

Publicity and Events

During the year the Association experienced some problems with producing The Sheep Farmer. Whilst it took some time and effort to arrange a new satisfactory system of production, by the end of the year it was running well on a bi-monthly basis i.e. 6 per year.

The Association had stands at four national shows during the year: The Royal Highland, The Royal at Stoneleigh, The Great Yorkshire and The Royal Welsh. In addition there were the usual five established ram sales, two in Wales at Builth Wells run by our Wales and Border Ram Sale Committee, one in Devon run by the South West Ram Sale Committee, one in Eastern Region run by the Eastern Region Ram Sale Committee and the Northern Ireland Ram Sale organised by the Regional Committee. All the sales were extremely successful with the mid September sale at Builth Wells being by far the biggest and having very considerable impact due to its large throughput.

There were several specialist sheep events during the year with one in Northern Region, the South East Region and Sheep '96 at Malvern in which NSA participates with the Royal Agricultural Society of England and The Three Counties Agricultural Society.

Organisation, Management and Staff

Policies of the Association continued to be formed by the membership working either through the Regional Committees or else through Breed Societies. During the year there were four meetings each of Council and of the Executive Board with meetings of a number of specific interest Committees also taking place.

The headquarters of the Association remains at Malvern from where regular contact and dialogue is maintained with a broad spectrum of agricultural and allied trades organisations.

Staff complement continues with John Thorley as Chief Executive, Chris Lloyd as Commercial Manager, Tony Cave-Penney as European specialist, Mags Barrow as Company Secretary, Barbara Chandler as Finance Secretary and Elaine Evans as Membership Secretary.

The Trustees take this opportunity to place on record their thanks to all who have contributed in any way to making it a successful year for the Association. In particular, to the many people who give up their time free of charge to attend meetings and participate in the debate to maintain a sheep industry for the benefit of all who are involved.

TREASURERS REPORT

The end of the 1996 financial year marked the end of an era in the financial standing of the Association. Accordingly, I would like to make my report in two parts, firstly dealing with the year in hand and secondly an overall view of our financial situation since the early 1980's.

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Trustees' Report continued

During 1996 NSA has, like so many other farming associations and businesses connected with the livestock industry, been living under the cloud of BSE. The sheep industry has literally held its breath whenever the word "Scrapie" has been mentioned by the media. We are all aware of the knock on effect BSE has had on the auxiliary industries and indeed on the farming unions so it would have been surprising if NSA escaped scotfree. BSE and E Coli have stirred up greatly increased activity in matters of welfare, identification, health hygiene, traceability etc. and we are aware of the extra cost in 1995 of the live export campaign. Fighting your corner in these situations does not come cheaply especially if the media have the bit between their teeth and are revelling in the situation.

Looking at the accounts, page 6a "Schedule of Expenditure" under the heading Travelling Expenses and Subsistence £19,055 in 1996 and £19,084 in 1995 - the relevant figures in 1994 and 1993 were £10,366 and £6,438 respectively. We had made some allowance in our Budget for an increase in 1996 after the 1995 experience but our greatest deficit came from another most unexpected direction. "Cost of the Sheep Farmer", a little higher up on the same page, was £19,446, this was some £13,000 over budget. The loss of confidence in the livestock industry due to BSE caused a collapse in advertising and as the publication is financed by advertising income with a balance from NSA the publishers indicated they wanted a far greater input from NSA for the following 18 months. The options were - be a dripping roast or try to buy yourself out of it. We chose the latter and our Chief Executive negotiated an acceptable exit cost. Other than these two little technical hitches the accounts ran reasonably close to Budget with a surplus of £24,086 for the year without having to resort to the Bank or the Regions for assistance.

I would now like to go onto the second part of my report which covers our change of financial circumstances since the early 1980's and the move from Tring to Malvern in 1988. In the 80's the UK economy was on a roller coaster and the property market on a boom and bust cycle. Over this period the Association moved from rented accommodation to its first purchased office in Tring in 1984, then to The Sheep Centre at Malvern. Various improvements to some of the buildings at The Sheep Centre were necessary and these have now been completed, leaving the Association with extensive facilities and no debts by the end of 1996.

The inflation of the late 80's, followed by recession starting in 1990 had a negative effect on the value of the subscription, resulting in insufficient income to cover the cash flow. It was not until 1993 that the decision was made to raise the subscription, some seven years since the previous rise. At the same time the £2 per direct debit member which had been paid to the Regions was withdrawn making, in real terms, a £7 increase on 1 January 1994 and was the start of three years of patient consolidation.

Financial situations do not turn around overnight; like a great liner at sea told to change course, its inertia carries it on for miles before it can turn around and get back to speed. It followed that 1994 saw only a slight improvement on our deficit, 1995 saw a small surplus of £11,000 but still requiring some help from the Regions/Ram Sales with cash flow. So to 1996 and a surplus of £24,000, requiring no assistance from Regions/Ram Sales, bringing to a close an episode with some hard lessons learned.

I hope from the foregoing you can appreciate why Council thought it prudent to increase the subscriptions by £5 this year. As far as the sheep industry is concerned the knock-on effects of BSE are not yet over, there will be a long aftermath. Secondly, financial lessons have been learned and I hope this report will serve as a reminder.

In conclusion, our overall funds are now sufficient to meet the ongoing expenses and to continue to undertake our representation of the Sheep Industry but the recovery could not have been as quickly achieved without the total cooperation of the staff at Malvern. Our thanks go to Mags Barrow for her perseverance in getting all the figures onto the computer and for improving on their presentation at every meeting of the Finance Committee.

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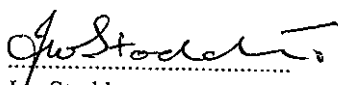
Trustees' Report continued

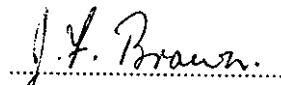
I must thank the members of the Committee for their deliberations and hard work over these difficult years. A special thanks to Ian Allinson, now retired from the Committee, for his sound North of England common sense approach, he has been a tower of strength throughout. The President, Joe Stoddart and Past President Philip Bolam who have brought a quality of business acumen to the Committee which has greatly assisted our recovery.

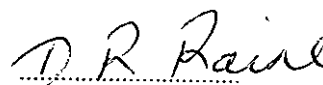
Finally, as I demit office this year, I wish the next Treasurer every success.

J.F. Brown
Honorary Treasurer

This concludes The Trustees Report


Joe Stoddart
President


Jin Brown
Hon Treasurer


David Raine
Chairman of Council

16 May 1997

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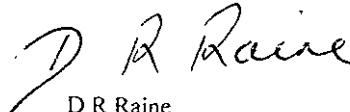
Statement of Council's Responsibilities

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Council is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable 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 association will continue.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Companies Act 1985. The Council is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Council



D R Raine
Chairman

16 May 1997

**Auditors' report to the members of
The National Sheep Association
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We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention, and the accounting policies set out on page 8a.

Respective responsibilities of the council and auditors

As described on page 2, the Council of the Association is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Critchleys
Registered Auditors
Chartered Accountants

19 May 1997

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Statement of Financial Activities
for the year ended
31 December 1996

Note	Unrestricted Funds		TOTAL 1996 £	TOTAL 1995 £
	Headquarters	Regions & Ram Sales		
	£ (a)	£ (b)		
Income and Expenditure				
Incoming Resources:				
Subscriptions	212,608	0	212,608	200,713
Promotional events and activities	58,963	202,489	261,452	287,766
Interest receivable	3,028	7,375	10,403	8,494
Other income	15,725	0	15,725	6,493
Total Incoming Resources	<u>290,324</u>	<u>209,864</u>	<u>500,188</u>	<u>503,466</u>
Resources Expended:				
Direct charitable expenditure	214,683	141,140	355,823	378,781
Management and administration costs	30,517	55,325	85,842	73,899
Property expenses	9,751	0	9,751	6,112
Financial and professional costs	11,287	4,164	15,451	12,467
Total Resources Expended	<u>266,238</u>	<u>200,629</u>	<u>466,867</u>	<u>471,259</u>
Net Movements in Funds	24,086	9,235	33,321	32,207
Balances brought forward at 1 January 1996	254,221	207,905	462,126	429,919
Balances carried forward at 31 December 1996	<u>278,307</u>	<u>217,140</u>	<u>495,447</u>	<u>462,126</u>

None of the Association's activities were acquired or discontinued in the above 2 years.
There were no recognised gains or losses in the year other than those noted above.

Notes (a) - Details on pages 6 and 6a
(b) - Details on page 7

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**Balance Sheet
as at 31 December 1996**

	1996		1995	
	£	£	£	£
Fixed assets				
Tangible Assets	5	296,312		301,885
Current assets				
Stock	6	4,223		6,962
Debtors	7	207,212		199,387
Cash at Bank and in Hand		23,808		11,624
		<u>235,243</u>		<u>217,973</u>
Creditors:				
amounts due within one year	8	36,108		57,732
NET CURRENT ASSETS		<u>199,135</u>		<u>160,241</u>
		<u>495,447</u>		<u>462,126</u>
RESERVES	9			
Headquarters' reserve		278,307		254,221
Regional and ram sales reserve		217,140		207,905
		<u>495,447</u>		<u>462,126</u>

The financial statements were approved by the Council on 16.5.97 and signed on their behalf by:

D R Raine

D R Raine

(Chairman)

The National Sheep Association
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Headquarters' Income and Expenditure Account
for the year ended 31 December 1996

	1996		1995	
	£	£	£	£
Income from Subscriptions				
Individual members	209,475		197,753	
Breed societies/Affiliated societies	3,133		2,960	
		212,608		200,713
Promotional income - Shows	37,400		33,370	
Show expenses	(18,811)		(25,458)	
		18,589		7,912
Income from carcass units	7,057		7,707	
Carcass expenses	(3,585)		(6,117)	
		3,472		1,590
Proceeds from Spring Event	10,542		7,609	
Spring Event expenses	(4,106)		(6,653)	
		6,436		956
Sheep services	404		709	
Sheep services expenses	(415)		(614)	
		(11)		95
Income from British Sheep	2,334		2,506	
Production costs British Sheep	(1,922)		(2,713)	
		412		(207)
Sales of promotional items	988		1,159	
Costs of promotional items	(608)		(708)	
		380		451
Income from Sheep UK	238		170	
Production costs Sheep UK	(922)		(5,038)	
		(684)		(4,868)
Other Income		241,202		206,642
Rental income	5,500		4,542	
Sponsorship	7,275		1,031	
Bank interest	3,028		2,467	
Miscellaneous income	2,950		920	
		18,753		8,960
Total Income		259,955		215,602
Total Expenditure		235,869		204,272
Surplus For Year		24,086		11,330

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**Schedule of Expenditure
for the year ended 31 December 1996**

	1996		1995	
	£	£	£	£
Administration Costs				
Secretarial fee and assistance	21,454		18,659	
General office expenses	2,742		2,226	
Printing and stationery	1,056		745	
Photocopying (including rental)	1,417		1,865	
Telephone (including rental)	1,059		1,229	
Postage and dispatching	1,053		1,143	
Depreciation furniture and equipment	1,736		2,314	
		30,517		28,181
Property Expenses				
Rates	684		131	
Property repairs at head office	4,218		1,000	
Insurance	2,079		1,782	
Heat and light	2,770		3,199	
		9,751		6,112
Direct Charitable Expenses				
Direct salaries	76,265		68,876	
Printing and stationery	9,505		6,706	
Telephone (including rental)	4,236		4,824	
Postage and dispatching	9,472		10,290	
Rates	1,237		1,186	
Property repairs at showgrounds	4,499		1,512	
Insurance	4,159		3,564	
Awards and donations	50		1,764	
Costs of Sheep Farmer	19,446		5,334	
Advertising (inc. staff recruitment)	579		566	
Membership promotion	1,628		7,512	
Commission on membership (recruiting)	-		290	
Representation and public relations	26,524		26,101	
Travelling expenses and subsistence	19,055		19,084	
Committee rooms and refreshments	2,997		1,620	
Conferences	3,208		-	
Vehicle expenses	125		503	
Carcass units depreciation	1,329		1,661	
		184,314		161,393
Financial and Professional Costs				
VAT surcharge and interest	373		-	
Bank charges	2,345		2,509	
Bank interest paid	1		-	
Bad debts	157		889	
Professional fees	4,511		2,188	
Auditors remuneration	3,900		3,000	
		11,287		8,586
Total Expenses		235,869		204,272

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Regional and Ram Sales Income and Expenses
31 December 1996

	Scottish Sheep	Scot Sheep	Northern Sheep	North Sheep	Wales & Border	Wales & Border Ram Sale	South West	South West Ram Sale	South East	Central	Eastern Ram Sale	Eastern Ram Sale	Northern Ireland	TOTAL 1996	TOTAL 1995
Incoming Resources:															
Receipts	126	0	250	37580	1100	125040	1250	15321	11771	406	1412	4524	3709	202489	234536
Interest received	1191	0	913	613	105	3393	415	429	272	0	34	10	0	7375	6027
Total Incoming Resources	1317	0	1163	38193	1205	128433	1665	15750	12043	406	1446	4534	3709	209864	240563
Resources Expended															
Direct Charitable:															
Event exps & publicity	350		144	16113	237	76424	1871	8661	6597		1153	1373	3035	115958	154072
Misc	280			35	238	1734								2287	1833
Motor, travel & haulage			1057	200	643	2400								4300	2352
Catering				888										888	2946
Prizes				505										698	149
Donation				125								193		125	0
Sponsorship						1377								1520	1215
First Aid cover						239							143	239	422
Subscription						8603								8603	18
Direct Depreciation	181		129			4688		1524						6522	7080
Total Direct costs	811	0	1330	17866	1118	95465	1871	10185	6597	0	1153	1566	3178	141140	170087
Administration costs:															
Secretary's fees	4350		2000	2277	3183	14048	1000	500	2456		1792	1037		32643	21238
Office expenses	5105		150			6356	1354	485	463					13913	11055
Meeting expenses			1135	63	233	896	505		734				869	4435	7852
PP&S			218		474	1162		350	420	174				2798	4977
Insurance			21	200										221	41
Telephone			151		225	670	269							1315	555
Total Administration costs	9455	0	3675	2540	4115	23132	3128	1335	4073	174	1792	1037	869	55325	45718
Finance Costs:															
Bank charges	1		6		9	204	1	2					55	278	253
VAT at HQ	167						838	230	540					1775	431
Accountancy			625		65	575	334	65	250	47			150	2111	2020
Interest on late VAT															1177
Total Finance costs	168	0	631	0	74	779	1173	297	790	47	0	0	205	4164	3891
Total Resources Expended	10434	0	5636	20406	5307	119376	6172	11817	11460	221	2945	2603	4252	200629	219686
Surplus/(Deficit)	-9117	0	-4473	17787	-4102	9057	-4507	3933	583	185	-1499	1931	-543	9235	20877

**The National Sheep Association
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**Notes to the Accounts
for the year ended 31 December 1996**

1. Accounting policies

- a. The Accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice on Accounting by Charities.

After identifying all costs relating directly to the operations of the charity there remains costs which are incurred in connection with the management and administration of the charity. These include central management and administration costs, management of the charity's assets, organisational (as opposed to project) management and compliance with constitutional and statutory requirements. Such expenses are apportioned on a time spent basis and are identified under management and administration in the Statement of Financial Activities.

- b. No depreciation has been charged on freehold land and buildings. In this respect the accounts do not comply with the Companies Act 1985 nor with Statement of Accounting Practice 12.

The Council is of the opinion that depreciation of the freehold property is not appropriate as the buildings are maintained to such a standard that their realisable value is greater than the net book value.

No further depreciation is being provided on either of the two Show Pavilions, which in past years have been written down to a net book value of £6000 each, as the Council are of the opinion that their value is considerably in excess of this amount. Additions to the Royal Welsh Pavilion have been depreciated at 5%.

Depreciation is provided on other tangible assets using the following bases and annual rates:

Vehicles	25%	- Reducing Balance
Hurdles	15%-25%	- Reducing Balance
Computer	25%	- Straight Line
Furniture and Equipment	10%-25%	- Reducing Balance
Display Trailers	25%	- Reducing Balance
Carcass Display Units	20%	- Reducing Balance

- c. Stock is valued at the lower of cost or net realisable value.

- d. The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a cash flow statement for the year, on the grounds that it is entitled to the exemptions available in sections 246 to 247 of the Companies Act 1985 for small companies.

- e. Tangible fixed assets acquired under hire purchase contracts are capitalised at the estimated fair value at the date of inception of the contract. The total finance charges are allocated over the period of the contract in such a way as to give a reasonably constant charge on the outstanding liability.

2. Sponsorship Income

Sponsorship monies were allocated to support the following:

1. Technical conferences and publications.
2. Ram sales and ancillary equipment.
3. Agricultural show stands and equipment

**The National Sheep Association
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**Notes to the Accounts
for the year ended 31 December 1996**

3. Resources expended includes:

	<u>1996</u> £	<u>1995</u> £
Depreciation of owned assets	9,759	10,125
Depreciation of assets under hire purchase	-	1,125
Auditors remuneration	3,900	3,000
Accountancy fees	4,255	1,926
	<u> </u>	<u> </u>

4. Staff costs

The average number employed by the Association, including directors, within each category of persons was:

	<u>1996</u>	<u>1995</u>
Direct charitable	3	3
Administration	6	6
	<u> </u>	<u> </u>
	9	9
	<u> </u>	<u> </u>

The costs incurred, in respect of these employees were:

	<u>1996</u> £	<u>1995</u> £
Direct charitable:		
Remuneration	67,500	62,500
Social security costs	5,991	6,376
Administration:		
Remuneration	23,071	17,704
Social security costs	1,157	955
	<u> </u>	<u> </u>
	97,719	87,535
	<u> </u>	<u> </u>

No employee earned £40,000 or more.

The directors of the company do not receive any remuneration.

**The National Sheep Association
A Company Limited By Guarantee**

**Notes to the Accounts
for the year ended 31 December 1996**

5. Tangible fixed assets

	Cost at 01.01.96 £	Additions (Disposals) £	Cost at 31.12.96 £	Net Book Value	
				31.12.96 £	31.12.95
Freehold Property	240,069	-	240,069	240,069	240,069
Hurdles	55,754	1,100	56,854	16,474	19,510
Furniture and Equipment	31,747	297	32,044	7,632	9,666
Computer	20,770	2,789	23,559	3,843	2,335
Display Trailers	7,399	-	7,399	178	237
Royal Welsh Pavilion	49,930	-	49,930		
Royal Welsh Pavilion Grant (13,883)		-	(13,883)	16,799	17,422
Royal Show Pavilion	31,614	-	31,614		
Royal Show Pavilion Grant	(11,994)	-	(11,994)	6,000	6,000
Carcass Display Units	20,283	-	20,283	5,317	6,646
	<u>431,689</u>	<u>4,186</u>	<u>435,875</u>	<u>296,312</u>	<u>301,885</u>
Depreciation			at 01.01.96	charge for year	at 31.12.96
Freehold Property			-	-	-
Hurdles			36,244	4,136	40,380
Furniture and Equipment			22,081	2,331	24,412
Computer			18,435	1,281	19,716
Display Trailers			7,162	59	7,221
Royal Welsh Pavilion			18,625	623	19,248
Royal Show Pavilion			13,620	-	13,620
Carcass Display Units			13,637	1,329	14,966
			<u>129,804</u>	<u>9,759</u>	<u>139,563</u>

Tangible Fixed Assets includes, in respect of assets held under hire purchase contracts, assets with a net book value of £nil (1995 £3,375). Depreciation on these assets is shown in note 3.

There was no capital expenditure authorised or contracted for at the balance sheet date (1995 none).