

Hybu Cig Cymru-Meat Promotion Wales

Company Limited by Guarantee

Company Registration Number: 4635113

**Annual Report and
Financial Statements
Year Ended 31 March 2024**

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I. Annual Report

1.1 The Directors present herewith their annual report, together with the audited financial statements of the company, for the year ended 31 March 2024. For the purpose of the narrative of this report, 'HCC' is used in place of Hybu Cig Cymru-Meat Promotion Wales for brevity.

1.2 Introduction

- 1.2.1. This annual report is intended to give a short, representative summary of the current strategic aims of HCC, the key risks to the achievement of those objectives, and its performance against those during the year.
- 1.2.2. HCC is the strategic, statutory body for the promotion and development of the Welsh Beef, Welsh Lamb and pork industry and its mission is to develop profitable and sustainable markets for the benefit of all stakeholders in the supply chain in Wales.
- 1.2.3. HCC is the red meat industry's 'Knowledge House'; Wales's livestock hub enabling knowledge transfer and the sharing of innovations and industry technical advancement. It is the centre of information-gathering and dissemination across the industry and towards government. HCC informs levy-payers, stakeholders and the Welsh public at large about the positive contribution of the red meat industry to Wales's society and economy and communicates its' role in promoting and developing the industry.
- 1.2.4. HCC undertakes research and development and supports training relevant to each part of the supply chain, to ensure the Welsh red meat industry is in a position to improve quality, increase cost-effectiveness and add value to Welsh red meat products across the whole of our industry.
- 1.2.5. Alongside this development activity, HCC assists the promotion and marketing of the supply chain's achievements and its premium quality products. Within the UK, HCC works with multiple retailers, independent butchers and foodservice providers. It undertakes regular promotional programmes for Protected Geographical Indication (*PGI*) Welsh Lamb, Welsh Beef and pork from Wales. In other countries, it is HCC's role to develop existing markets and help access new markets for Welsh red meat. HCC also acts in all marketplaces as the guardian of Welsh Lamb and Welsh Beef brands.
- 1.2.6. To enable industry leadership, contemporary competitiveness, maximum efficiency and value for money for levy payers, HCC, with stakeholders and levy payers, constructs a consultative Strategic Plan that underpins its activities and their associated priority and spending.

1.3 Performance Overview

- 1.3.1. The strategic aims of HCC were reviewed in the 2017-18 year, resulting in the launch of a new 'Vision 2025' document. Within an unchanged statutory remit, the organisation's key goals were defined as follows:
 - 1.3.1.1 Positioning red meat from Wales as a premium product.
 - 1.3.1.2 Developing EU trade opportunities for Welsh red meat.
 - 1.3.1.3 Optimising domestic (*GB*) consumption of red meat from Wales.
 - 1.3.1.4 Seeking new consumers for Welsh red meat in established global markets.
 - 1.3.1.5 Securing a greater percentage of Welsh red meat exports outside the EU.
 - 1.3.1.6 Developing a competitive Welsh red meat industry.
 - 1.3.1.7 Reducing the impact of Welsh red meat production and processing on the climate, the environment and waste.
 - 1.3.1.8 Contingency planning in terms of future trade, production and processing post-Brexit.
 - 1.3.1.9 Effective communication throughout the industry to ensure unity of purpose.
- 1.3.2. Vision 2025 is a "living document". It is applied daily, monthly and annually and has been reappraised and refreshed each year since its original iteration by HCC and its stakeholders to enable the industry to adapt and hone its practical activity to meet the demands of prevalent internal and external forces. In 2024, a full, generational reboot of Vision 2025 will be undertaken once a new Chief Executive Officer is appointed.

- 1.3.3. This year marked the conclusion of work enabled by significant Welsh Government funding through the Welsh Government Rural Communities – Rural Development Programme 2014-2020, which was funded, pre-Brexit, by the European Agricultural Fund for Rural Development, and dedicated to the achievement of industry development and sustainability objectives. A full report on concluding activity can be found later in this document.
- 1.3.4. The mechanism for transferring funds under Levy Repatriation continues to work well for all parties involved.
- 1.3.5. Levy proposals to enable HCC to maximise delivery for the Welsh red meat sector in 2024-25 were recommended by HCC's Board of Directors and approved by the Cabinet Secretary.
- 1.3.6. External reports and audits reaffirmed HCC's reputation for prudent governance and financial management, placing the organisation on the firmest possible footing for responding to a continually changing environment.
- 1.3.7. As ever, I am grateful to our Board of Directors for their hard work and support in the past twelve months.

1.4 **Key issues and risks**

- 1.4.1. HCC maintains a risk register which is reviewed and re-evaluated regularly.
- 1.4.2. Long-term challenges relating to the structure of the industry continued; these included challenges to the viability of smaller processors with primary supply heavily dependent on a large number of very small businesses.
- 1.4.3. Heightened concern around sustainability and the environment is a consistently prominent issue, to which HCC has continued to respond with a strong leadership position and its endorsement of our Welsh red meat production system via its The Welsh Way material.
- 1.4.4. The new UK Protected Geographical Indication (*PGI*) scheme was introduced in January 2024.
- 1.4.5. HCC proudly defends its hard-earned brand credentials and maintains strict vigilance on their applications through its long-term investment in a world-leading traceability system, in association with partners Oritain.
- 1.4.6. The industry awaits the introduction of the new, post-Brexit national agricultural support policy to replace the previous European funding provision. The Welsh Government, in dialogue with all industry stakeholders, is currently working to achieve delivery of a solution that maximises support based around the three fundamental and essential industry pillars of economy, environment and social and community life.
- 1.4.7. The Free Trade Agreements (*FTAs*) struck with Australia and New Zealand still offer some long-term risks in terms of supply impacts and increased competition from imports to the domestic market and we will continue to monitor this situation.

1.5 **A Year of Activity**

- 1.5.1. Extraordinary external factors continued to impact on the industry in this trading year. Continued high energy bills; higher animal feed costs; inflation; consumer price sensitivity and other effects of the cost-of-living crisis all played a part in dampening the industry's continued post-Covid recovery efforts.
- 1.5.2. The keynote strategic guide- Vision 2025- was renewed and refreshed, enabling swift, effective and co-ordinated industry responses to the new challenges and opportunities that were brought into play. HCC will begin the process to produce a successor to the seven-year-old main strategy in association with all stakeholders across the supply chain in Wales, once a new Chief Executive Officer is appointed.
- 1.5.3. Key 2023 statistics include: total lamb sales at GB retail standing at £604.2 million, up five per cent on the year; the average British lamb deadweight price peaking at £7.43/kg during mid-May of 2023,

which was almost £1.40 higher than year-earlier levels and the average steer deadweight price reaching £4.90/kg in May 2023 and closing the year at around £4.87 – some 44p higher than the last week of 2022.

- 1.5.4. In 2023, 50,000 tonnes of red meat were estimated to have been exported from Wales with a total value of c.£268 million – up four per cent year-on-year. This increase was mainly driven by increased shipments of fresh, frozen & offal sheep meat.
- 1.5.5. Some very positive statistics accompanied appraisals of HCC’s domestic marketing work with the strapline “*Uniquely Welsh, Experts in their Field*” core campaign reaching an astonishing 23,955,522 viewers and encouraging 141,440 responsive clicks. Within the campaign, HCC’s decision to invest in a striking advertisement at the central Waterloo station moving billboard was amply rewarded with 316,239 consumers viewing.
- 1.5.6. The targeted January “quit the quitting”; PR campaign reached 358,000 and its longer-term impact was likely to top the million.
- 1.5.7. Refreshed, digital consumer marketing strategies in the UK continued to be successful for HCC. Content included a range of celebrity chefs and influencer recipes featuring cost effective meat solutions for the target markets in response to the cost-of-living crisis. In addition, a range of materials highlighting the environmental and sustainability credentials of Welsh red meat were promoted.
- 1.5.8. Many retailers made use of point of sale and/or on-pack materials provided by HCC, raising awareness of the brand at the point of sale, and a number of specific seasonal in-store promotions took place. Partnerships with multiple retailers continued to prosper and Welsh Lamb and Welsh Beef dedicated marketing materials continued to be produced for independent butchers.
- 1.5.9. HCC attended a range of leading consumer shows, where the team offered shoppers sampling opportunities, recipe inspiration and took the chance to meet and recruit more newsletter subscribers. As a result, the ‘Welsh Lamb Family’ database now standing at 32,413 engaged subscribers.
- 1.5.10. Brand awareness extended extensively year-on-year with an increase of 26% and positive perception metrics around quality continued to rise, according to our independent verification. Good work continued with our partners in the foodservice sector, where sector specific events were attended and marketing activity within designated publications supported.
- 1.5.11. In 2023-24, HCC delivered a wide-ranging communications programme aimed at health and education professionals and updated the online resource of Health and Education print and digital resources. They can be found at www.redmeathub.wales / www.hwbcigcoch.cymru.
- 1.5.12. As mentioned previously, in 2023, the average British lamb deadweight price peaked at £7.43/kg during mid-May of 2023, which was almost £1.40 higher than year-earlier levels, moving closer to £6/kg at the end of the year, still some 57p higher than year-earlier levels.
- 1.5.13. Total lamb sales at GB retail stood at £604.2 million, up five per cent on the year. This was mainly driven by volume, which was up four percent, and buyer numbers, which increased by three per cent, despite the average price of lamb increasing by 1.5 per cent to £11.84/kg. Data shows that, although consumers bought lamb less often- approximately three per cent less than in 2023- they bought more volume with each trip.
- 1.5.14. Prime cattle farmgate prices in general have been climbing over the past few years (*particularly since 2020*) and the baseline average is significantly higher than historical averages, which has been mainly driven by a contraction in supply along with a relatively stable demand level. However, key farm input costs for beef producers in particular have witnessed huge inflation rates at the same time, which has put pressure on the profitability of businesses trended above year-earlier levels for the entirety of the year in England and Wales.
- 1.5.15. The average steer deadweight price peaked at £4.90/kg in May 2023 and closed the year at around £4.87 – some 44p higher than the last week of 2022. Around 172,800 head of cattle were slaughtered last year. Cattle throughput levels increased by some 42 per cent on the year, a considerable year-on-year increase.

- 1.5.16. Total beef sales at GB retail stood at £2,413.1 million, up seven per cent on the year, and mainly driven by the annual average price of beef increasing by almost ten per cent to £9.45/kg. Volume dropped two per cent and buyer numbers increased by 0.1 per cent.
- 1.5.17. Internationally, a successful year saw the value of Welsh Lamb exports increase by 9.2 per cent- 4.8 per cent in volume- year on year. The value of fresh and frozen sheep meat exported from Wales was up nine per cent on the year from £177m to £193m, while the equivalent shipments of beef were down nine per cent. More than 90 per cent of sheep meat shipments were EU bound, with volumes up 14 per cent on 2022. Fresh and frozen volumes of beef exported to the EU were down 14 per cent on the year. The EU accounted for around 88 per cent of all volumes shipped.
- 1.5.18. Increases were seen across most established European markets, amounting to 13.5 per cent value, 8.4 per cent volume. Stronger than normal increases were noted in France and the Netherlands, perhaps partly explained by some processors navigating the intricacies of Brexit by exporting to one initial location for further re-distribution. In Germany, a new contract to supply two major German retailers was secured.
- 1.5.19. Developing markets were a key focal point this year. In particular, the GCC (*Gulf Cooperation Council countries*); the Far East and the USA. Supply has this year reached all of these markets and focus is now on further development during 2024. HCC also enabled re-entry into the Japanese market by two Welsh processors.
- 1.5.20. HCC's export team and supply chain experts attended a series of valuable key events that are expected to realise lucrative returns in the coming year, including Anuga, rated the top food and beverage trade show in Europe and Gulfood 24, where activities off stand included presenting GI Welsh Lamb at the UK embassy in Dubai as part of a St David's Day celebration gala and an Embassy dinner for retail buyers and processors. HCC also attended Foodex Japan at Tokyo and AMc in Nashville.
- 1.5.21. Alongside these key shows, HCC delivered an array of successful promotional activities to support key export accounts across our established, developing and new markets. Some campaigns of noteworthy mention are the sponsoring of three Rugby World Cup France 2023 events around Wales matches; the sponsoring of the Japan lamb festival in Tokyo; supporting two masterclass events in Italy and the Netherlands to showcase Welsh Lamb; the sponsoring of The Lady Chef of the Year Event in Belgium; the launch of new Middle East, Japanese and USA trade websites and a dinner held at the British Embassy in Dubai. HCC also attended the Lebensmittel fleisch congress in Germany and the Meat Importers Council of America conference in Arizona.
- 1.5.22. In addition to developing and extending established marketplaces, HCC works tirelessly to obtain access to new markets and works with the UK Export Certification Partnership to further access to a number of countries.
- 1.5.23. HCC continued to ensure the scrupulous efficacy of audits to underpin the integrity of the Welsh Lamb and Welsh Beef brands.
- 1.5.24. Resources continued to be prioritised into clear communications to the industry and stakeholders in order to keep all informed of HCC activity and market intelligence.
- 1.5.25. HCC continued to integrate and enmesh sustainability principles throughout all of its activity, extending its work during 2023 as a thought leader regarding sustainable food production and land management. It further developed its data-driven and evidenced-based position on sustainability to assist, promote and guide the industry through an ever-challenging and evolving context.
- 1.5.26. HCC continued to promote its well-regarded sustainability route map, The Welsh Way, and to focus on the concept and practicalities of a total environmental footprint.
- 1.5.27. HCC worked with SAC to undertake a Life Cycle Analysis (*LCA*) for Welsh Lamb and Welsh Beef to understand associated greenhouse gas emissions from farm to pre-packaging at the processor and secured external funding via the Arfor Challenge Fund project for researching the decarbonising of Welsh Beef, a 12-month deep dive involving Welsh speaking beef farmers within Carmarthenshire and Ceredigion.

- 1.5.28. Work on the continued evolution of the provenance-based Welsh brands included the five environmental metrics- carbon, biodiversity, water, soil health, and air quality- that reflect the total environmental footprint of The Welsh Way of producing red meat. A biodiversity baseline was published in 2023.
- 1.5.29. As well as its 'The Welsh Way' undertaking, HCC partnered with other UK sector partners on an industry-led beef and lamb roadmap to net zero brief.
- 1.5.30. HCC's political engagement activity included meetings with MPs and MSs; attendance at the Senedd's Climate Change, Environment and Infrastructure Committee SFS stakeholder workshop; attendance at the US Ambassador to the UK's Dydd Gwyl Dewi celebration; meeting with the UK Ambassador to France and active membership with a variety of key groups such as the Department for Business and Trade: Agriculture, Food and Drink Policy Forum.
- 1.5.31. HCC Conference- The Future of Red Meat (*with Wales leading the way*)- was held on 9 November 2023 at the Royal Welsh Showground, Llanelwedd. The event was in response to recognition that Welsh livestock farming must play a positive and participatory role in the tackling of the climate, nature and health crises facing our generation while seeking to promote the benefits of 'The Welsh Way' of sustainable production. The Conference also celebrated and highlighted Wales's contribution to the worldwide industry and our world-class brands and was also a platform to communicate and provide updates to a well-attended audience of 145 stakeholders on HCC's work to promote, support and defend the industry.
- 1.5.32. Membership of both the Global Roundtable of Sustainable Beef and the Global Meat Alliance were utilised and ensured that HCC contributed to a worldwide dialogue for sustainable red meat production and environmental data capture.
- 1.5.33. For more than twenty years, HCC has been the guardian of industry sustainable growth and development and has championed farm efficiency improvement.
- 1.5.34. The facilitation of a landscape to enable innovations, opportunities and new and novel techniques is a vital part of HCC's mission and the basis for its Research and Development (*R&D*) work. The backbone of this work is the long-established and continuing collaborative research activity with universities and other leading partners and the R&D work also helps to underpin the sustainability credentials on which marketing activity can be based.
- 1.5.35. New this year was the HCC Sustainable Innovation Research and Development Working Group which is comprised of key actors in the academic world as well as stakeholders along the red meat supply chain to progress future R&D initiatives.
- 1.5.36. This year saw the launch of the 2024-25 England and Wales Grass and Clover Recommended list. This world-leading, independent evaluation of new varieties represents a reference bible for improved grasslands efficiency.
- 1.5.37. HCC sponsored nine beef and sheep farmers in Wales who contributed data and information to joint levy board flagship project GrasscheckGB in a weekly basis.
- 1.5.38. HCC is a leading participant in the Ram Compare scheme, which seeks to evaluate and demonstrate the value of high index terminal sire rams to all commercial flocks in the UK.
- 1.5.39. HCC continues to support PhD students and is delighted to report that two have successfully defended their theses this year with three peer review papers published from this work.
- 1.5.40. Bilingual GrasscheckGB bulletins are shared weekly through the HCC bulletin. A joint RamCompare /GrasscheckGB on-farm event showcased how genetics and grazing management combine to maximise performance from a sheep flock.
- 1.5.41. During the reporting period, HCC concluded (*in September 2023*) its delivery of the five-year, EU and Welsh Government funded, Red Meat Development Programme (*RMDP*). The Programme involved three strategically important projects designed to increase efficiency and sustainability within the industry as well as enhance the public perception of Welsh Lamb and Welsh Beef. The projects were Stoc+; a project to promote pro-active flock and herd health planning; the Hill Ram Scheme, to

utilise technology to encourage performance-recording in the hill sheep sector and the Welsh Lamb Meat Quality project, which assessed practices at all stages of the supply chain to understand what factors can impact on eating quality. The independent evaluation of the Programme found ‘... that the projects have been delivered effectively and broadly as intended, whilst simultaneously adopting a dynamic and responsive approach.’”

- I.5.42. In total, Stoc+ recruited 374 farms and engaged with 42 different vet practices. Data from the final vet visit showed that 94 per cent of participating farms had introduced or increased use of health management tools as a result of the Stoc+ project. Participants generated an extra £5,000 from being part of Stoc+. Participatory farms reported their animal health plan was effectively increased from 64 per cent before accessing the support to 93 per cent afterwards.
- I.5.43. The Hill Ram Scheme supported a total of 63 flocks. An evaluation of scheme impacts conservatively estimated the cumulative value of genetic improvement achieved in a 300-ewe flock if sustained over a twenty-year period would be: £9,235 at year five, £60,403 at year ten and £306,739 at year twenty.
- I.5.44. The Welsh Lamb Meat Quality Project aimed to develop a blueprint for the supply chain to ensure that the production and processing of Welsh Lamb would achieve the highest possible levels of quality and consistency. In total, throughout the project, 1,920 consumers tasted and scored 13,440 samples of Welsh Lamb.
- I.5.45. The valuable legacy and achievements of the HCC Red Meat Development Programme projects were showcased at the prestigious British Society of Animal Science - ‘The Role of Livestock in our Ecosystems and Economy’. This included the key findings from the Welsh Lamb meat quality project, The Stoc+ animal health planning project and the Hill Ram Scheme as well as findings from the Grow Wales Green project in which HCC is an active partner.
- I.5.46. Further knowledge transfer dissemination occurred throughout the year at a wide range of subject specific farmer events and meetings, including animal health and welfare groups, and sector and disease specific groups, such as Sheep Scab to Ruminant Health and Welfare Working Groups.
- I.5.47. HCC’s well-attended Livestock Selection events to help farmers understand how to maximise their production- and returns- by meeting market specifications were staged over 15 separate days by abattoirs owned by Dunbia (*Llanybydyr*) and Pilgrims (*Llanidloes*). More than 100 people were in attendance. HCC also staged a beef day, in conjunction with ABP, at Kepak’s Ellesmere site.
- I.5.48. The HCC Livestock Scholarship was awarded to Dan Jones from Llandudno and Tudor Roderick from Brecon in 2023. Dan, a National Trust tenant farmer on the Great Orme, studied farming practices in the USA and the UK to understand the latest techniques and advances in conservation grazing and upland farming. Tudor, who followed in the footsteps of his father Richard, who was also a HCC Scholar in 2016, focused on how sheep enterprises in Australia handle anthelmintic resistance and their approach to extreme weather scenarios. The results of their studies will be disseminated over the coming year.
- I.5.49. In November the scholarship association met at Brongain Farm, Llanfechain, by kind permission of the Pickstock family, to have a tour of the farm and hear about Charlie Cooper-Harding’s 2022 scholarship. During the meeting Will Evans, of Hendreseifion, Machynlleth, was elected the new chair for the next two years.



HEATHER ANSTEY-MYERS
Accounting Officer
5 December 2024

2. Directors' Report

2.1 The Directors present herewith their report, together with the audited financial statements of the company, for the year ended 31 March 2024.

2.2 Results

2.2.1. The result for the year was a deficit of £437,871 (2023 deficit £150,087).

2.3 Principal Activity and Strategic Report

2.3.1. The company's principal activity during the year was that of the development and promotion of Welsh red meat.

2.3.2. HCC has worked towards targets contained in the Business Plan for 2022-26 and the objectives of Vision 2025. These are as set out in the Annual Report on pages 3 to 8.

2.3.3. The result for the year can be found in the Statement of Comprehensive Expenditure on page 28 and the position of the company at the year-end in the Balance Sheet on page 29.

2.3.4. Key financial performance indicators for the company are:

	2024 £	2023 £
Levy Income	4,471,478	4,585,229
Grant Income	976,569	2,808,119
Operating Deficit	(505,274)	(118,867)

(Table 1: Key Performance Indicators)

2.3.5. The Welsh Red Meat Levy rates were increased in April 2023, and following a conversation with industry, a mechanism to link future levy increases to the Consumer Prices Index including owner occupiers' housing costs (CPIH) was recommended by the HCC Board and subsequently signed off by the Minister.

2.3.6. The mechanism did not include an automatic annual increase but allowed the HCC Board to make any increase recommendations to the Minister based on the previous calendar year's CPIH without industry consultation. Prior to 2023 the Welsh Red Meat Levy rates had been static for 12 years (since 2011), and increases before that were in 2001 (10 years previous) and in 1996.

2.3.7. Levy rate increases in the past were one-off increases agreed by the industry to reflect inflationary changes over the preceding years. In 2011 the rates were increased by 24 percent.

2.3.8. Despite the increase in levy rates, HCC has been impacted by shortcomings in projected levy payments in the 2023-24 financial year due to a contraction of the national flock, and a reduction of the lamb crop, resulting in a significant fall in levy income in-year of £458k against budget.

2.3.9. Throughput Level v Levy Returns

2.3.9.1 Total throughput for 2023-24 is down 9% on the year for sheep.

2.3.9.2 Due to our levy rate increase, total levy returns are only down 0.4%.

2.3.9.3 Throughput in 2023-24 equated to 2.3million, which, based on the old levy rate of £0.83, would result in total levy returns being 9% lower on the year at £1.9 million; which mirrors the 9% fall in throughput numbers.

2.3.9.4 This suggests a minimal fall recorded in levy returns in 2023-24 (despite notable fall in throughput level) because of the increase in the levy rates from April 2023.

Directors' Report (continued)

2.3.10. Reduction in Throughput Numbers

- 2.3.10.1 Wales recorded the largest year-on-year decrease in sheep throughput during 2023-24 (*UK as a whole were -3%, Scotland -4% etc*).
 - 2.3.10.2 Reviewing June 2023 survey results, this was partly to be expected, with Wales recording the largest decline in lamb crop. The size of the lamb crop at June 2023 was 10% smaller than in June 2022, whilst England only recorded a 5% decline in numbers.
 - 2.3.10.3 The size of the breeding flock was also considerably smaller in June 2023, suggesting that recovery for 2024-25 will be limited.
 - 2.3.10.4 There was a notable drop in throughput due to fewer animals on the ground, but also difficult to quantify whether the increased levy rates would have had an additional impact or not.
- 2.3.11. Grant income decreased, with Red Meat Development Programme (*RMDP*) funding coming to an end in September 2023 and all staff time and activity now being paid for by the levy.
- 2.3.12. A market valuation of the office building was carried out at 31 March 2024 at a value of £600,000. It is not the intention of the Board of HCC to move from the premises for the foreseeable future. As per the company's accounting policy, the building will be valued again in March 2027.

2.4 Environmental Policy

- 2.4.1. HCC is committed to minimising the impact of its activities on the environment seeking to continually improve business operations to lessen the impact on the local and global environment.
- 2.4.2. The strategy is to promote sustainability and environmental awareness throughout the organisation by:
 - 2.4.2.1 Incorporating energy and natural resources efficiency measures into the organisation's facilities;
 - 2.4.2.2 Adopting a procurement programme which takes into account the environmental impact of products and services;
 - 2.4.2.3 Preventing pollution and reducing consumption of resources through waste management strategies that promote waste minimisation re-use, recovery and recycling;
 - 2.4.2.4 Promoting appropriate business travel and car-pooling where suitable; and
 - 2.4.2.5 Ensuring staff are aware of the environmental impacts of their work activities and provide support to minimise those impacts
- 2.4.3. In addition, HCC complies with applicable environmental legislation.

2.5 Employees

- 2.5.1. HCC believes that all employees (*or potential employees*) can contribute fully and effectively to the goals of the organisation and is committed to making full use of the talents and resources of all. As such no-one will receive less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
- 2.5.2. At the year end, the analysis by gender of the full-time staff was as follows:

	Female		Male	
	2024 No.	2023 No.	2024 No.	2023 No.
Staff	26	26	7	8

(Table 2: Staff Gender Analysis)

Directors' Report (continued)

2.5.3. The gender balance of the Board of Directors, who are all non-executive, was as follows:

	Female		Male	
	2024 No.	2023 No.	2024 No.	2023 No.
Directors	3	4	8	6

(Table 3: Board Members Gender Analysis)

2.5.4. No information is provided in respect of social and community issues.

2.6 Principal Risks and Uncertainties

2.6.1. The company's risk framework is outlined on page 14. This ensures that HCC's internal systems identify, monitor and respond to risks. HCC's strategic risks have been listed on page 16. The principal financial risks are recorded here.

2.6.2. The principal risk to the business is the level of levy income, and its reliance on income from 3 major processors. The closure of any of these would have a potential significant impact on HCC's income.

2.6.3. There are a number of political, economic, social, technological and environmental considerations for the Welsh red meat industry, many of which will have a substantial impact on future resilience, performance and profitability of the sector:

2.6.2.1 Following EU exit, the sector has been faced with continued uncertainty in relation to new trading arrangements, new trade deals and post-CAP changes

2.6.2.2 The red meat sector continues to be affected with the challenges in relation to rising input inflation, impacting profit margins despite buoyant output prices

2.6.2.3 The climate crisis is urgent and global in scale, and it also presents a risk to food security in the medium to long term

2.6.4. Given the breadth and depth of the challenges facing the Welsh red meat industry, it is essential that the Welsh red meat industry has a sufficiently funded red meat body to undertake development, promotion and marketing of Welsh red meat, both at home and abroad; and maintain the momentum already achieved.

2.6.5. Despite the Red Meat Levy rates increase in April 2023 HCC is still impacted by increased inflation and the knock-on effect to its spending power, with known cost inflation incorporated in the forecasted budget for 2024-25 with some confirmed contractual increases between 5-10% on the previous year, and assumed 5% inflation on other spend categories. HCC has also budgeted for the Welsh Government pay inflation of 3.7%.

2.6.6. HCC will also be impacted by a change in its VAT position as HMRC imposed a change to VAT treatment of HCC's income with effect from 1 April 2024. HCC is a public body engaged in non-business activities, and the levy income is outside the scope of VAT. The change impacts HCC financially, as it can no longer recover a significant proportion of VAT incurred on its costs, and reducing expenditure budget in real terms (£400k).

2.6.7. In addition, the RMDP funding came to a conclusion in September 2023 with all staff time and activity now being paid for by levy.

2.6.8. HCC has been impacted by shortcomings in projected levy payments in the final quarter of the 2023-24 financial year due to a contraction of the national flock, and a reduction of the lamb crop. This reduction when compared to the budgeted levy for the financial year 2023-24 will continue into the 2024-25 financial year.

Directors' Report (continued)

2.6.9. In short HCC's income will be impacted by both reduced levy recovery when compared to the historical position and the inability to reclaim VAT alongside an increase in operating costs.

2.6.10. The organisation will continue to identify opportunities to deliver efficiencies by reducing expenditure where appropriate and increasing and maximising income with a continued focus on achieving the best value for money for the Welsh pound.

2.7 Directors and their Interests

2.7.1. The Directors of the company throughout the period and up to the date of signing of the financial statements were as follows:

Name	Status of Appointment	Date of Appointment	Term of Office	Date of resignation	Interests
CM Smith	Chair	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	3 Years		Red Meat Sector Consultant Senior Officer, Regeneration Team, Vale of Glamorgan Council Member, National Farmers Union (NFU)
GR Davies	Director	1 April 2021 Reappointed 1 April 2023 (2 nd Term)	3 Years	12 June 2024	Estate & General Manager, Rhug & Glynllifon Estate Partner, Vale Vineyard – Gwinllan y Dyffryn Trustee – Rhug Charitable Trust
GW Davies	Director	1 April 2017 Reappointed 1 April 2023 (3 rd Term)	3 Years		Chief Executive, Wynnstay Group PLC (Resigned 23 August 2024) Director: Agricultural Industries Confederation Ltd; Bibby Agricultural Ltd; Wynnstay Group PLC; Wyro Developments Ltd; Resigned 23 August 2024 from following: Eifonydd Farmers Ltd; Glasson Grain Ltd; Glasson Group (Lancaster) Ltd; Grainlink Ltd; Humphrey Feeds Ltd; Humphrey Pullets Ltd; Humphrey Poultry (Holdings) Ltd; Shropshire Grain Ltd; Tamar Milling Ltd; Welsh Food Producers Ltd; Woodheads Seeds Ltd; Wrekin Grain Ltd; Wynnstay (Agricultural Supplies) Ltd; Youngs Animal Feeds Ltd. Member, National Farmers Union (NFU).
JT Davies	Director	1 April 2017 Reappointed 1 April 2023 (3 rd Term)	3 Years		Farmer; Director - Cwmbetws Ltd; The Royal Welsh Agricultural Society Limited (Resigned 24 January 2024) Member, National Farmers Union (NFU)
HH Evans	Director	1 April 2023	3 Years		Farmer; Member, National Farmers Union (NFU)
AJP Evershed	Director	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	2 Years		Farmer; Partner – Evershed & Co Member, National Farmers Union (NFU)
MW Humphreys	Director	1 April 2023	3 Years		Retired Researcher Professor Emeritus, IBERS Aberystwyth University
DP Morgan	Director	1 April 2021 Reappointed 1 April 2023 (2 nd Term)	3 Years	12 June 2024	Procurement Director, Kepak; Farmer; Director of Ffrydian Ltd Member, Welsh Quality Food Certification Board
RE Roberts	Director	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	2 Years		Farmer; Director: Heidro Harnog Cyf; Clwb Rybgi Dolgellau Cyf; Honorary President and Board Member - Farmers Marts (RG Jones) Ltd; Member - NFU Cymru Less Favoured Areas Board
CE Sanger-Davies	Director	1 April 2023	3 Years		Marketing Consultant; Director - The Liverpool and Merseyside Theatres Trust Ltd; Experience Marketing Ltd
V Spencer-Francis	Director	1 April 2023	3 Years		Founder and Managing Director; Director of Cowshed Communication Ltd.

(Table 4: Board Members and their Interests)

Directors' Report (continued)

2.8 Future Developments

- 2.8.1. The company will continue to develop and promote Welsh red meat through its levy income and any available grant income.

2.9 Share Capital

- 2.9.1. The company is limited by guarantee and does not have any share capital. The liability of the member is limited to £100.

2.10 Auditors

- 2.10.1. The Auditor General for Wales is the company's auditor in accordance with paragraph 18(1) of schedule 8 to the Government of Wales Act 2006.

2.11 Governance Statement

2.11.1. Governance Framework

- 2.11.1.1. The Directors are responsible for the company's corporate governance and have adopted the practices set out in the UK Corporate Governance Code, where this is relevant and practical.
- 2.11.1.2. The Chief Executive has responsibility as Accounting Officer for maintaining a sound system of internal control that supports the achievement of HCC's policies, aims and objectives whilst safeguarding the public funds and organisational assets in accordance with the responsibilities set out in "Managing Welsh Public Money".
- 2.11.1.3. HCC is funded by grant income and levy. The Welsh Ministers have the power to impose a levy under the Red Meat Industry (Wales) Measure 2010. The functions under the Measure are delegated to HCC through a delegation agreement.
- 2.11.1.4. *The Board of Directors*
The Board of Directors has a number of key roles in the management of risk, including setting the tone and influencing the culture of risk management within HCC and determining the level of risk that is acceptable in specific areas of activity. It does this by its policy and overall approach.
- 2.11.1.5. The Board are aware of and have adopted an Anti-Bribery and Corruption policy.
- 2.11.1.6. *HCC's Audit and Risk Committee*
The remit of the Audit and Risk Committee is defined to include considering the planned activity and results of both internal and external audit. The composition of the Committee during the year to 31 March 2024 was as follows: - G W Davies (Chair); J Davies; G R Davies; A J Evershed.
- 2.11.1.7. *HCC's Remuneration Committee*
The Remuneration Committee of the Board of Directors recommends the remuneration of the Chief Executive.

2.11.2. Review of effectiveness

- 2.11.2.1 HCC has conducted its own review of the effectiveness of the system of internal control which was overseen by the Audit and Risk Committee. The implications of the review of the effectiveness of the system of internal control have been advised to the Board of Directors.

Directors' Report (continued)

Governance Statement (continued)

2.11.2.2 The company's systems are under constant review.

2.11.2.3 In reviewing the effectiveness of HCC's system of internal control the Audit and Risk Committee has undertaken the following key activities:

2.11.2.4 *Financial Reporting*

Gained an understanding of the current areas of greatest financial risk and how management is managing them effectively.

2.11.2.5 *Annual Financial Statements*

Reviewed the annual financial statements and determined whether they are complete and consistent with the information known to committee members; assessed whether the financial statements reflect appropriate accounting principles; met with management and the external auditors to review the financial statements and the results of the audit.

2.11.2.6 *Internal Audit*

The Committee reviewed reports from the internal auditors.

2.11.2.7 *External Audit*

Reviewed the external auditors' proposed audit scope and approach and ensured no unjustified restrictions or limitations had been placed on the scope.

2.11.3. The purpose of the system of internal control

2.11.3.1. The system of internal control is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

2.11.3.2. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.11.3.3. The system of internal control has been in place for the year ended 31 March 2024 and up to the date of approval of the financial statements and accords with Treasury guidance.

2.11.4. Capacity to handle risk

2.11.4.1. Leadership is given to the risk management process through the Board of Directors and Audit and Risk Committee.

2.11.4.2. HCC's executive management are the company's risk management team and are responsible for disseminating good practice throughout the organisation. Training is provided to the executive team to enable them to fulfil this role.

2.11.5. The Risk Framework

2.11.5.1. The company's risk management policy is a key element within its internal control and corporate governance framework. It covers HCC's approach to risk management, roles and responsibilities, risk management process and its review.

2.11.5.2. HCC's risk appetite is determined upon the assessed impact the risk has on the goals, objectives and financial resources of the company.

Directors' Report (continued)

Governance Statement (continued)

2.11.5.3. The following items are key elements in the system of internal control:

2.11.5.4. *Framework agreement*

A framework agreement has been established between HCC and the Welsh Government. This agreement details the governance arrangements between Welsh Government, being the sole member, and HCC.

2.11.5.5. *Risk Register*

A Risk Register is in existence, identifying risks and ranking them for risk and effect. The register is examined regularly by the leadership team and reviewed by the Audit and Risk Committee.

A detailed review and re-design of the HCC risk management framework has been undertaken, including the risk management policy, strategic risk profile, and risk appetite.

This will allow for clear communication and understanding of responsibilities and requirements for risk, including roles and responsibilities, risk scoring methodology, risk identification, training programmes, review, reporting, and monitoring.

Nine strategic risk themes were identified:

Risk No.	Strategic Risk
SR1	Inability to maintain financial health and maximise on all funding opportunities
SR2	IT infrastructure is not secure, resilient, and flexible enough to meet future demand and challenges
SR3	Failure to maintain a safe environment and estate for staff, visitors, and all stakeholders
SR4	Inability to respond effectively to a major disruption / event
SR5	Ineffective governance, leadership, and oversight
SR6	Failing to recruit, develop, engage, and retain our staff
SR7	Failure to meet expectations and needs of stakeholders (<i>Levy Payers, Welsh Ministers</i>)
SR8	Failure to maintain the Welsh Red Meat Brand (<i>Supply Chain Failure</i>)
SR9	Failure to effectively evidence and underpin the Welsh Red Meat Industry's sustainability credentials

(Table 5: Strategic Risks)

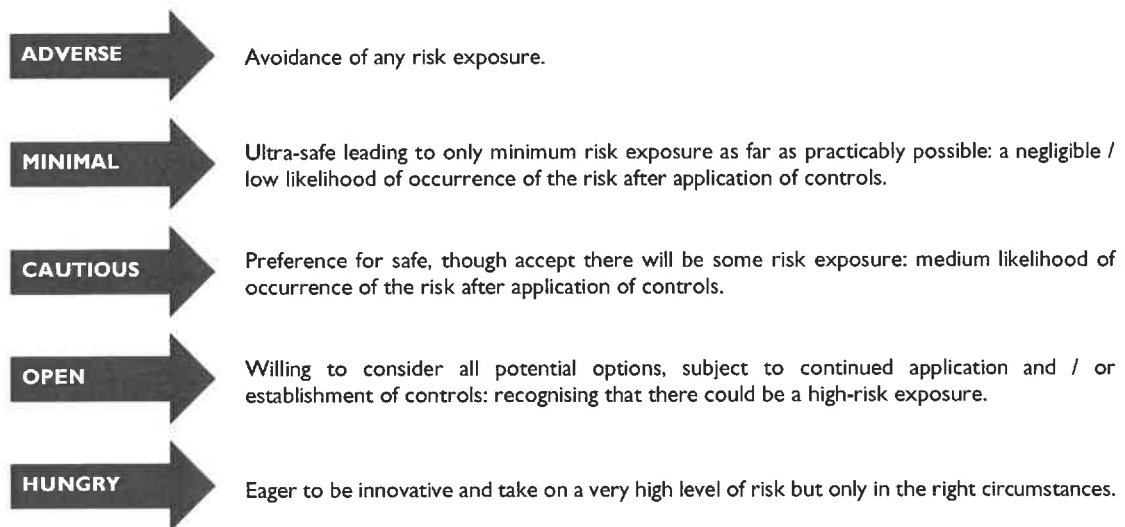
Outlined below is a description of the principal risk factors that may affect the organisation. Not all the factors are within HCC's control. Other factors besides those listed below may also adversely affect the organisation.

Directors' Report (continued)

Governance Statement (continued)

Risk	Description	Risk Appetite	Key Mitigations
IT infrastructure is not secure, resilient, and flexible enough to meet future demand and challenges	Cyber-attacks increasing in frequency and complexity	Cautious	Critical Incident Policy defines contingency procedures for recovery from disruption of computer and/or network services. Cyber Insurance in place which provides cover for breach response, legal & regulatory costs, business interruption, cybercrime cover, data restoration.
Failure to maintain a safe environment and estate for staff, visitors, and all stakeholders	Breach of duty of care	Cautious	Annual audit and H&S advisory service provided by NatWest Mentor.
Inability to respond effectively to a major disruption / event	Clear plan to maintain safe narrative on Red Meat - decisive contingency planning for such an event is paramount	Cautious	Critical Incident policy and procedures in place covers a list of core incidents and how these will be implemented.
Ineffective governance, leadership, and oversight	Succession planning and changes to political landscape	Minimal	HCC has developed its Vision 2025, which sets out the strategic direction and clearly describes its aims and priorities.
Failure to recruit, develop, engage, and retain our staff	Retain high quality motivated staff with breadth of experience and high work ethic; creating a positive working environment	Open and Cautious	Extensive and up to date training. Competitive salaries, benefits and other key incentives, including flexible and hybrid working.
Failure to meet expectations of stakeholders	Increasing expectation of levy payers in terms of levels of delivery against remit. Spreading finite resource broadly – wide statutory remit. Maintaining delivery whilst facing financial pressures.	Minimal	Effective marketing strategies and stakeholder engagement. Monitoring Framework reviews performance against targets throughout the year.
Failure to maintain the Welsh Red Meat Brand (<i>Supply Chain Failure</i>)	Closure of the larger abattoirs in Wales. Reduction in critical mass as industry struggles to respond to Sustainable Farming Scheme (SFS).	Minimal	Established key account relationships with multiple retail and foodservice sector.
Failure to effectively evidence and underpin the Welsh Red Meat Industry's sustainability credentials	Meeting Welsh Government targets on Climate Change. Increasing weather pattern shifts impacting supplies and productivity.	Open	Stakeholder Advisory Board created to provide input and feedback on sustainability initiatives.

(Table 6: Strategic Risks - Description)



Directors' Report (continued)

Governance Statement (continued)

2.11.5.6. Business Continuity Plan

A Plan has been prepared to consider ways and means for HCC to continue to operate its core activities should a disaster occur.

2.11.5.7. Business and Operational Plan

Under new governance arrangements, HCC has prepared a Business Plan 2022-26 covering the term of Government. An Annual Operational Plan and Budget is presented to the Board. The Plan for 2023-24 was approved at the March 2023 Board meeting.

2.11.5.8. Financial Reporting

Financial reports are regularly presented to the Board.

2.11.5.9. Non-Financial Reporting

HCC has developed a Monitoring and Evaluation System which monitors outcomes and outputs against targets set in the Operational Plan. Regular reviews are undertaken by each department and the executive team to ensure that outcomes are being achieved, resources are applied in appropriate areas and that HCC is delivering value for money for its levy payers.

2.12 Internal Audit

- 2.11.6. The Audit & Risk Committee has advised the Board of Directors that the organisation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the organisation has effective controls in place. The specific areas of work undertaken by the Audit & Risk Committee in 2023-24 and up to date of the approval of the financial statements are shown in Table 6 below:

System	Review Type	Assurance Assessment
Stakeholder Management including Communication Strategies	Assurance	Substantial
IT Function	Assurance	Reasonable
Statutory and Regulatory Requirements	Assurance	Limited

(Table 7: Internal Audit Reviews – Areas of Work Undertaken)

- 2.11.7. The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented. The following number of recommendations were made on audit work carried out in 2023-24 with the number in brackets relating to 2022-23:

High	Medium	Low
1 (1)	4 (4)	7 (2)

(Table 8: Internal Audit Recommendations)

- 2.11.8. Audit opinion confirms that, Hybu Cig Cymru - Meat Promotion Wales has a framework of governance, risk management and controls that provides **reasonable assurance** regarding the effective and efficient achievement of objectives, except for the audit finding below which has been categorised as higher risk: -

Directors' Report (continued)

Governance Statement (continued)

- 2.11.8.1 A definitive compliance calendar should be developed that outlines key deadlines for all legislation and regulations relevant to the organisation, reporting requirements, responsibilities, and other important dates to provide assurance to the Board that these are being complied with.
- 2.11.9. There were no areas reviewed by internal audit where it was assessed that the overall effectiveness of the internal control arrangements provided 'no assurance'.
- 2.11.10. In 2022-23, the Head of Internal Audit failed to obtain sufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and was therefore unable to issue an opinion. This limitation of scope arose because of only one Internal Audit review being completed in year, and one consultancy review completed, based on the number of audit days required by HCC.
- 2.12 Sickness Absence**
- 2.12.1. During the year, HCC's sickness absence rate amounted to 4.90% (2023 0.87%). Long-term sickness absence (*periods of greater than 4-weeks*) accounting for 3.14% (2023 nil).
- 2.13 Statement as to Disclosure of Information to Auditors**
- 2.13.1. The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware.
- 2.13.2. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.
- 2.14 Statement of Directors' Responsibilities**
- 2.14.1. The Directors are responsible for preparing the Directors' Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.
- 2.14.2. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("*IFRS*").
- 2.14.3. The financial statements are required by law and IFRS to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.
- 2.14.4. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period.
- 2.14.5. In preparing the financial statements, the Directors are required to:
- 2.14.5.1. select suitable accounting policies and then apply them consistently;
 - 2.14.5.2. make judgements and accounting estimates that are reasonable and prudent;
 - 2.14.5.3. state whether they have been prepared in accordance with IFRS as adopted by the EU;
 - 2.14.5.4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

- 2.14.6. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 2.14.7. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the HCC website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board.



C Smith
Chair
5 December 2024

3. Remuneration Report

3.1 Remuneration Committee

3.1.1. The Remuneration Committee of the Board of Directors recommends the remuneration of the Chief Executive. The composition of the Committee during the year to 31 March 2024 was as follows: - J T Davies (*Chair*), C Smith, and A J Evershed.

3.2 Statement Of Remuneration Policy

3.2.1. All Directors of the company are non-executive and, in view of the company being limited by guarantee, have no share interest in the company.

3.2.2. C Smith was appointed as Chair from 1 April 2021 for a term of 3 years. She was re-appointed by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2024 for a further three-year period. Her remuneration is set at £350 per day for the duration of her term of office.

3.2.3. Of the Directors in office at the date of this report, 4 Directors were appointed from 1 April 2023 for a period of 3 years, 1 Director was re-appointed by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2023 for a further three-year period and 2 Directors were re-appointed from 1 April 2024 for a period of 2 years.

3.2.4. The remuneration of the non-executive Directors was set at £300 per day plus expenses.

3.3 Attendance Records

3.3.1. The Board met 6 times during the period April 2023 to March 2024. The number of Board meetings attended by the Directors are as follows:

	2024	2023
CM Smith	6	6
M Chapman	-	4
DDH Davies	-	2
GR Davies	6	6
GW Davies	6	5
JT Davies	5	6
HH Evans	6	-
AJP Evershed	6	6
MW Humphreys	5	-
RLJ Madeley-Davies	-	1
DP Morgan	5	6
RE Roberts	6	6
C E Sanger-Davies	5	-
V Spencer-Francis	5	-
C Williams	-	5

(Table 9: Board Member Attendance Record)

3.3.2. In addition to the above, Directors attend meetings of Sub Committees of the Board as well as industry events during the course of the year.

Remuneration Report (continued)

3.3.3. The Audit & Risk Committee met 4 times during the period April 2023 to March 2024. The number of meetings attended by committee members are as follows:

	2024	2023
GR Davies	4	4
GW Davies	4	3
JT Davies	4	4
AJP Evershed	4	5

(Table 10: Audit & Risk Committee Member Attendance Record)

3.3.4. The Remuneration Committee met 4 times during the period April 2023 to March 2024. The number of meetings attended by committee members are as follows:

	2024	2023
JT Davies	4	3
AJP Evershed	4	2
C Smith	4	3
R Madeley-Davies	-	1

(Table 11: Remuneration Committee Member Attendance Record)

3.4 Directors Emoluments (Auditable)

3.4.1. Emoluments of the Directors who served throughout the year to 31 March 2024 are as follows:

	Remuneration		Expenses	
	2024 £	2023 £	2024 £	2023 £
CM Smith	27,213	20,125	2,806	2,491
M Chapman	-	3,150	-	382
DDH Davies	-	1,200	-	-
GR Davies	4,650	4,050	560	624
GW Davies	3,750	3,000	439	264
JT Davies	3,300	5,250	280	463
H Evans	20,025	-	617	-
AJP Evershed	5,325	4,350	125	210
MW Humphreys	3,450	-	200	-
RLJ Madeley-Davies	-	1,050	-	117
DP Morgan	3,750	4,050	230	249
RE Roberts	4,800	3,900	427	398
C E Sanger-Davies	3,300	-	519	-
V Spencer-Francis	3,600	-	401	-
C Williams	-	3,750	-	192

(Table 12: Directors' Emoluments)

Remuneration Report (continued)

This section of the Remuneration Report is auditable

- 3.4.2. The Remuneration of the Board members is in respect of attendance at Board meetings, sub-committees of the Board and industry events.
- 3.4.3. During the financial year, exceptional costs were incurred in relation to director fees and expenses due to ongoing complex internal sensitive matters, and ongoing business continuity needs. These matters required additional governance oversight, legal advice, and extended Board participation beyond the usual scope of operations. As a result, director remuneration and associated expenses increased compared to prior periods. The company remains committed to ensuring transparency and compliance with all governance requirements, and these exceptional costs are considered necessary to address the ongoing matters effectively.
- 3.4.4. None of the Directors received any benefits in kind or were eligible for membership of the company pension scheme. Expenses were incurred in respect of their duties as Directors and any mileage incurred on company business was reimbursed at HM Revenue & Customs approved rates.
- 3.4.5. In addition to the Directors, the emoluments of the Accounting Officer, were as follows:

	2024 £	2023 £
Remuneration	125,001 – 130,000	125,001 – 130,000
Benefits in Kind	5,419	3,660
Pension Contributions	60,000	-

(Table 13: Accounting Officer Emoluments)

- 3.4.6. The Chief Executive was a member of the Meat and Livestock Pension Scheme which ceased to future accrual as at 31 March 2022. For the period of 01/04/23 to 31/03/2024, a settlement agreement dated March 2022 provided for a payment of £60,000 to be made (*the equivalent cost of purchasing a further year of additional service in the MLC pension scheme*) subject to all required deductions for tax and national insurance contributions. Remuneration stated above for 2023 includes payments in lieu of pension contributions.
- 3.4.7. Following changes to pension scheme contribution limits announced in the 2023 Government budget announcement, this amount has been paid as an employer contribution to the HCC Group pension plan.
- 3.4.8. An Interim Chief Executive Officer / Accounting Officer was appointed by the Board on 11 January 2024, following an extended period of absence of the Chief Executive Officer, and the retirement of the Head of Finance and Corporate Governance, who had temporarily taken on the role of Interim Accounting Officer between 23 June 2023 and 31 January 2024.
- 3.4.9. The emoluments of the Interim-Accounting Officer, were as follows:

	2024 £	2023 £
Remuneration	90,001 – 95,000	-
Benefits in Kind	5,022	-
Pension Contributions	4,628	-

(Table 14: Temporary Interim-Accounting Officer Emoluments: July 2023 – January 2024)

- 3.4.10. Off-Payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:

Remuneration Report (continued)

	No.
No. of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	1
Total no. of individuals on payroll and off-payroll that have been deemed "Board members, and/or, senior officials with significant financial responsibility", during the financial year.	1

(Table 15: Off-Payroll Senior Officials with Significant Financial Responsibility)

3.4.11. The total annual emoluments of the Interim Chief Executive Officer / Accounting Officer from 11 January to 31 March 2024, were as follows:

	2024 £	2023 £
Fees	31,507	-
Expenses	1,091	-
Total Annual Emoluments	32,598	-

(Table 16: Accounting Officer Emoluments)

3.4.12. Following the end of the financial year, The Chief Executive Officer (CEO) tendered their resignation after a period of absence. Subsequently, a disciplinary process was concluded, which resulted in the Board deciding that the individual would have been dismissed had they not resigned. The Board has taken appropriate steps to ensure continuity of leadership and initiated a process to identify and appoint a new CEO. In the interim, the responsibilities of the CEO will continue to be undertaken by the Interim CEO to ensure smooth operations and adherence to the organisation's strategic goals.

3.5 Fair Pay Disclosures

	Ratio to highest paid employee 2024	Remuneration 2024 £	Ratio to highest paid employee 2023	Remuneration 2023 £
25 th percentile pay ratio	3.61	32,742	3.82	31,002
50 th percentile pay ratio	2.86	41,390	2.97	39,798
75 th percentile pay ratio	2.49	47,439	2.59	45,615
Range of staff remuneration		23,237 – 86,496		20,597 – 80,529

(Table 17: Fair Pay Disclosures)

- 3.5.1. The remuneration of the highest paid employee remained static, as determined by the Remuneration Committee.
- 3.5.2. The 25% percentile pay ratio figure fell due to a higher percentage increase in salaries for staff at this level.
- 3.5.3. The 75% percentile pay ratio figure fell due to higher salaries for staff in the highest percentile.
- 3.5.4. The average percentage change in staff remuneration amounted to 4.0%.



C Smith
Chair

5 December 2024



HEATHER ANSTEY-MYERS
Accounting Officer
5 December 2024

4. Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales

Opinion on financial statements

I have audited the financial statements of Hybu Cig Cymru – Meat Promotion Wales for the year ended 31 March 2024 which comprise the Statement of Comprehensive Expenditure, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Directors are responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in annual and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual and Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report or the Directors' report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing a full Directors report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for:

- maintain proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring the regularity of financial transactions;
- internal controls as the Directors determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the 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 Directors anticipate that the services provided by the company will not continue to be provided in the future.

Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales (continued)

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Companies Act 2006.

My 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 my 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. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the company's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Hybu Cig Cymru – Meat Promotion Wales's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- Obtaining an understanding of Hybu Cig Cymru's framework of authority as well as other legal and regulatory frameworks that Hybu Cig Cymru operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Hybu Cig Cymru;
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Directors; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Hybu Cig Cymru's controls, and the nature, timing and extent of the audit procedures performed.

**Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales
(continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.



Adrian Crompton
Auditor General for Wales
Date 09.12.24

I Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of the Hybu Cig Cymru-Meat Promotion Wales website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

5. Statement of Comprehensive Expenditure

	Notes	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Revenue	5	5,464,649	7,411,419
Expenditure			
Operating expenses	7	5,969,923	7,530,286
Operating Deficit		(505,274)	(118,867)
Finance Income		11,509	1,573
Finance Costs	8	(18,598)	(32,494)
Excess of Expenditure over Income on Ordinary Activities Before Taxation		(512,363)	(149,788)
Taxation	11	(2,176)	(299)
Deficit prior to Revaluation Reversal of Previous Loss		(514,539)	(150,087)
Revaluation Reversal of Previous Loss		76,668	-
Deficit and Total Comprehensive Income for the Year Attributable to the Company's member		(437,871)	(150,087)

(Table 18: Statement of Comprehensive Expenditure)

6. Balance Sheet

	Notes	2024 £	2023 £
Non-Current Assets			
Property, Plant and Equipment	12	658,267	621,990
Right of Use Assets	13	142,399	165,138
		800,666	787,128
Current Assets			
Trade and Other Receivables	14	740,328	2,022,003
Cash and Cash Equivalents		618,231	291,723
		1,358,559	2,313,726
Current Liabilities			
Trade and Other Payables	15	708,676	1,203,628
Right of Use Lease Liabilities	16	28,756	29,489
Current Tax liabilities	11	2,176	300
		739,608	1,233,417
Non-Current Liabilities			
Right of Use Lease Liabilities	16	166,649	176,598
Total Liabilities		906,257	1,410,015
Total Net Assets		1,252,968	1,690,839
Reserves			
Retained Income	18	1,252,968	1,690,839
Total Reserves		1,252,968	1,690,839

(Table 19: Balance Sheet)

- 6.1 For the year ending 31 March 2024, the company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (*non-profit making companies subject to public sector audit*).
- 6.2 It is instead subject to public sector audit and audited by the Auditor General for Wales.
- 6.3 The financial statements, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows and related notes (1 to 25), were approved and authorised for issue by the Board of Directors on 5 December 2024 and signed on its behalf by:



C Smith
Chair
5 December 2024



HEATHER AWSTEY-MYERS
Accounting Officer
5 December 2024

7. Statement of Cash Flows

	2024 £	2023 Restated £
Cash Flows from Operating Activities		
Operating Deficit	(505,274)	(118,867)
Depreciation & Loss on Disposal of Assets	43,102	57,866
Depreciation on Right of Use Assets	41,031	47,947
Operating Lease Payments	3,906	3,957
Movement in Working Capital:		
Decrease/(Increase) in trade and other receivables	1,281,676	617,048
(Decrease)/Increase in trade and other payables	(494,953)	(38,946)
Cash Expended on Operations	369,488	569,005
Taxes paid	(299)	(10)
Net Cash Expended on Operating Activities	369,189	568,995
Cash Flows from Investing Activities		
Purchase of Plant and Equipment	(2,712)	(11,337)
Purchase of Intangible Assets	-	(10,145)
Proceeds on Disposal of Assets	-	-
Net Cash Used in Investing Activities	(2,712)	(21,482)
Cash Flows from Financing Activities		
Interest Received	11,509	1,573
Right of Use Assets Lease Payments: Capital	(28,974)	(29,202)
Right of Use Assets Lease Payments: Interest	(18,598)	(19,780)
Operating Lease Payments	(3,906)	(3,957)
Bank Overdraft Interest	-	(12,714)
Net cash used in Financing Activities	(39,969)	(64,080)
Net Increase/(Decrease) in Cash and Cash Equivalents	326,508	483,433
Cash and Cash Equivalents at the Beginning of the Year	291,723	(191,710)
Cash and Cash Equivalents at the End of the Year	618,231	291,723
Being Cash held in Bank Accounts	618,231	291,723
Bank Overdraft	-	-
	618,231	291,723

(Table 20: Statement of Cash Flows)

- 7.1 The comparative figures for movement in working capital have been restated to account for an adjustment made between receivables and payables (£91,247) not updated within the Statement of Cash Flows.

Notes to the Financial Statements

1. General Information

- 1.1 Hybu Cig Cymru-Meat Promotion Wales (*HCC*) is a limited liability company incorporated and domiciled in the United Kingdom. The company is limited by guarantee and does not have a share capital. The registered number of the company is 4635113 and its registered office is Ty Rheidol, Parc Merlin, Aberystwyth, SY23 3FF.
- 1.2 The sole member of the company throughout the year was the Welsh Ministers.

2. Statement Of Compliance

- 2.1 The financial statements have been prepared in accordance with International Financial Reporting Standards (*IFRS*) and in accordance with applicable provisions of the Companies Act 2006. The principles of HM Treasury's The Financial Reporting Manual 2023-24 have also been followed.

3. Basis Of Preparation

- 3.1 The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis with the exception of the freehold property which is carried on a valuation basis.

4. Significant Accounting Policies

4.1 Separate financial statements

- 4.1.1. The company is not required to prepare group accounts as the group comprising the company and its subsidiary fall below the Companies Act 2006 small group threshold. In addition, the Welsh Government does not require group accounts to be prepared.

4.2 Going Concern

- 4.2.1. The company has net assets of £1,252,968 at 31 March 2024 (*£1,690,839 31 March 2023*).
- 4.2.2. These financial statements have been prepared on a going concern basis as the company has prepared a budget and cash flow forecast for the twelve months following the date of approval of these financial statements which demonstrates that the company has sufficient cash to continue to meet its liabilities as they fall due.
- 4.2.3. On this basis the Directors consider the company to be a going concern.

4.3 Revenue

- 4.3.1. Revenue comprises levy income, grants and invoiced services.
- 4.3.2. Levy income – a statutory levy is charged in respect of all animals fit for human consumption slaughtered in Wales. Income is recognised at the date of slaughter, up to the last full week of March. Levy income also includes levy repatriated from other GB levy bodies under the Agriculture Act 2020.
- 4.3.3. Grant income – grants were received from the Welsh Government through The European Agriculture Fund for Rural Development: Europe Investing in Rural Areas, being the Welsh Government Rural Development Plan 2014-2020. Grants are claimed when the expenditure has been

Notes To the Financial Statements (continued)

deferred but grant income is recognised in the financial statements to match costs when the activity has taken place. Grant income is outside the scope of VAT.

- 4.3.4. Invoiced Services – income is recognised when the activity has taken place. Such activity relates to services performed on behalf of other bodies. Income is stated net of VAT.

4.4 Expenditure

- 4.4.1. Expenditure comprises costs for services and employment costs. Costs are recognised in the period when the activity has taken place. Any costs not defrayed in the appropriate period is accrued for and recognised within Trade and Other Payables.

4.5 Short-term Employee Benefits

- 4.5.1. Salaries, wages and employment related payments are recognised in the period in which the service is received from employees.

4.6 Pensions

- 4.6.1. The company makes defined contributions to individual pension plans for all of its employees. Contributions payable for the year are charged to the Statement of Comprehensive Income. The pension plans are grouped together under the Hybu Cig Cymru Group Pension Plan. Contributions commence as soon as practicable after employees commence employment.

4.7 Property, plant and equipment

- 4.7.1. Freehold property is stated at valuation less accumulated depreciation. Depreciation is not provided in the year of acquisition. Freehold land is not depreciated. A valuation of the freehold property is to be carried out every three years, unless in the Directors' opinion, local market movement deems more frequent valuation to be necessary.
- 4.7.2. Plant and equipment are stated at cost less accumulated depreciation.
- 4.7.3. Freehold property, plant and equipment assets are depreciated to their residual value over their anticipated useful economic lives on the following bases:

	Rate	Method
Freehold Property	Over 30 Years <i>(From 2009)</i>	Straight Line
Computer Equipment	33%	Reducing Balance
Office Furniture	25%	Reducing Balance
Motor Vehicles	25%	Reducing Balance

(Table 21: Depreciation Bases)

4.8 Right Of Use Assets

- 4.8.1. Right of use assets are recognised when the company enters into contracts where the company has the right to obtain the economic benefit from the use, and control of, an identified asset.
- 4.8.2. The value capitalised is initially at cost which is the amount of the initial lease liability plus any payments made up front to the lessor less any incentives received plus any initial direct costs.
- 4.8.3. The assets are depreciated over the life of the leases on a straight-line basis.

Notes To the Financial Statements (continued)

- 4.8.4. Motor Vehicles will be depreciated at 25% per annum and lease lives for property assets are currently between 5 and 11 years.
- 4.8.5. The cost model will continue to apply and asset values are updated as lease liabilities change.
- 4.8.6. Any short-term leases, those with a lease term at commencement date of 12 months or less, are not capitalised and are treated as expenditure over the lease term.
- 4.8.7. Low value leases such as computers and office furniture, provided that these are not highly interrelated to other assets are also not capitalised and treated as expenditure over the lease term.
- 4.8.8. Payments for assets not meeting the definition of a lease are accounted for as goods and services and charged to expenditure as they fall due over any contractual term.

4.9 Impairment of non-current assets

- 4.9.1. At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss with reference to both the operating and business plans. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (*if any*).
- 4.9.2. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- 4.9.3. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

4.10 Financial Instruments

- 4.10.1. Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

4.11 Financial assets

- 4.11.1. Trade receivables, outstanding levy income and accrued income are initially recognised at fair value. A provision for impairment is made where there is objective evidence, (*including customers with financial difficulties or in default on payments*), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows.

4.12 Cash and cash equivalents

- 4.12.1. Cash and cash equivalents comprise cash in hand and deposits held with financial institutions at call and on short term notice not exceeding three months.

Notes To the Financial Statements (continued)

4.13 Financial liabilities

4.13.1. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

4.14 Trade payables

4.14.1. Trade payables are initially recognised at cost.

4.15 Right Of Use Lease Liabilities

4.15.1. Lease liabilities are recognised when the company enters into contracts where the company has the right to obtain the economic benefit from the use, and control of, an identified asset.

4.15.2. The value of the liability is initially calculated as the present value of lease payments discounted by the Company's underlying interest rate at the commencement date of the lease or the date of transition under IFRS16.

4.15.3. The Company's underlying interest rate at 1 April 2019 was 2.45% and interest rates will only be updated where the lease term is updated.

4.15.4. Lease payments includes the fixed payments to be made under the lease contract and inflationary increases are only accounted when they fall due.

4.15.5. The lease liability increases by an interest charge (*which is charged to expenditure*) and is reduced as payments are made to suppliers.

4.16 Foreign Currency

4.16.1. Normal trading activities in foreign currencies, being the payment of foreign suppliers, are recorded in sterling at the exchange rate as of the date of the transaction.

4.17 Contingent Liabilities

4.17.1. The company recognises liabilities in the Balance Sheet where the following criteria are met:

4.17.1.1 where the company has a future obligation to satisfy a debt;

4.17.1.2 that debt may require an outflow of resources when the liability crystallises;

4.17.1.3 that a reliable estimate of the liability is obtained.

4.17.2. If all these criteria are not met then the liability will be recorded in the notes as a contingent liability.

4.18 Accounting Estimates and Judgements

4.18.1. In the application of the Company's accounting policies, which are described earlier in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

4.18.2. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

4.18.3. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Notes To the Financial Statements (continued)

4.18.4. The following are the critical judgements, apart from those involving estimations (*see below*), that the Directors have made in the process of applying the Company's accounting policies and that must have the most significant effect of the amounts recognised in the financial statements.

4.18.4.1 **Revenue recognition:** In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 Revenue.

4.18.4.2 **Provision for doubtful debts:** The recognition of an impairment of a financial asset is based upon the likelihood of the value of the financial assets being recovered. Recognition of an impairment therefore requires justification regarding recoverability.

4.18.4.3 **Impairment of property, plant and equipment:** Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

4.18.4.4 **Right Of Use Assets and Liabilities:** Determination of the underlying discount rate at the time of capitalisation.

4.18.4.5 **Pension liability:** The Directors have received and considered an actuarial valuation regarding a potential liability in respect of one of the Company's pension schemes, as detailed in note 22.

4.18.5 Key sources of estimation uncertainty

4.18.5.1 The Directors believe that there are no key sources of estimation uncertainty in the accounts for the period.

4.19 Impact of standards not yet effective

4.19.1. The Directors have considered the impact of standards and interpretations which have been issued but are not yet effective and which have not been adopted early by the company. Adoption of these standards will not have a material impact on the financial statements.

5. Revenue

	2024 £	2023 £
Levy	4,471,478	4,585,229
Grants Received:		
Welsh Government RMDP	975,732	2,724,489
Welsh Government Export	-	83,630
Arfor Challenge Fund	839	-
Services	16,600	18,071
	5,464,649	7,411,419

(Table 22: Revenue Summary)

Notes To the Financial Statements (continued)

- 5.1 From 1 April 2021, total GB levy income has been repatriated to the country of birth. Included in levy is an amount of £1,340,847 (2023 £1,504,479) received under this arrangement.
- 5.2 Previously, the GB levy bodies had jointly agreed expenditure, under a ring-fenced fund, on GB activities which benefits the levy payers of Great Britain. HCC were able to invoice the fund £nil (2023 £79,270).

6. Operating Segments

- 6.1 The Board considers that the company consists of two business operating segments, all contributing to the development and promotion of Welsh red meat.
- 6.2 The segments were determined by the source of income and relevant expenditure.
- 6.3 All of the income generated by the business arises from the United Kingdom.

	Levy £	Grants £	Total £
2024			
Revenue	4,488,079	976,570	5,464,649
Expenditure	4,984,847	985,076	5,969,923
Operating (Deficit)/ Surplus	(496,768)	(8,506)	(505,274)
2023			
Revenue	4,603,300	2,808,119	7,411,419
Expenditure	4,727,050	2,803,236	7,530,286
Operating (Deficit) / Surplus	(123,750)	4,883	(118,867)

(Table 23: Operating Segments)

- 6.4 The levy sector also includes other services which enhance levy expenditure.
- 6.5 The following information identifies the risks to HCC's income due to reliance on specific parties, based upon their main sources of income.
- 6.6 Within levy income, 3 companies operating abattoirs in Wales account for 18%, 13% and 12% respectively (2023 13%, 10% and 9%) of total income of £5,464,649 (2023 £7,411,419).
- 6.7 Within grants, direct grants received from the Welsh Government and also under the Rural Development Plan for Wales 2014-20 accounts for 17.9% (2023 37.9%) of total income of £5,464,649 (2023 £7,411,419).

Notes To the Financial Statements (continued)

7. Excess of Expenditure Over Income on Ordinary Activities Before Taxation

7.1 The result is stated after charging/(crediting) the following:

	2024 £	2023 Restated £
Audit Fees	46,759	34,688
Staff Costs	558,643	578,828
Directors Fees	89,767	59,263
Depreciation	43,102	57,866
Depreciation – Right of Use Assets	41,031	47,947
Loss / (Profit) on Foreign Exchange	1,609	4,916
Operating Lease Rentals – Equipment	3,906	3,957
Bad Debts (Recovered)	-	(16,667)
Sustainability – Brand Enforcement	179,575	129,123
Sustainability – Market Intelligence	244,158	365,161
Sustainability – R&D	216,659	130,485
Strategic Marketing - Consumer Brand Marketing	754,574	863,610
Strategic Marketing – Trade Brand Marketing	248,901	252,743
Strategic Marketing – Retail Promotions	92,349	54,135
Strategic Marketing – Health & Education Programme	99,392	46,930
Strategic Marketing – Market Access	91,500	22,000
Strategic Marketing – Corporate Communications	266,347	321,061
Supply Chain – International Trade Developments	664,468	755,878
Supply Chain – WG Export Grant	-	83,630
Supply Chain – UK Retail & FS Trade Development	187,438	103,194
Supply Chain – Knowledge Transfer	125,990	94,530
WG Grants	985,076	2,719,606
Other Grants	839	-
Corporate Costs	1,027,840	817,401
	5,969,923	7,530,286

(Table 24: Expenditure)

7.2 The comparative breakdown has been restated to correctly compute to the total expenditure disclosed whilst also identifying revised analysis to the new activity areas of the organisation.

7.3 Staff costs are assigned to the activity to which they relate.

Notes To the Financial Statements (continued)

8. Finance Costs

	2024 £	2023 £
Interest Charges on Bank Overdraft	-	12,714
Interest Charges in Right of Use Assets	18,598	19,780
	18,598	32,494

(Table 25: Finance Costs)

9. Staff Costs

9.1 Staff costs comprised:

	2024 £	2023 Restated £
Wages and Salaries	1,413,231	1,340,155
Social Security Costs	147,874	145,657
Other Pension Costs	154,869	77,420
	1,715,974	1,563,232

(Table 26: Staff Costs)

9.2 The comparative figures for social security costs have been restated (*increase of £4,775*) to correctly disclose actual in-year costs.

9.3 The average number of full-time equivalent persons, excluding Directors, employed, on UK employment contracts, during the year was:

	2024	2023
Market Development	8	7
Industry Development	10	10
Communications	3	3
Corporate Services	12	13
	33	33

(Table 27: Staff Numbers)

10. Directors' Emoluments

10.1 Directors' emoluments were as follows:

	2024 £	2023 £
Fees	83,163	53,875
Expenses	6,604	5,388
	89,767	59,263

(Table 28: Directors' Emoluments)

10.2 No payments have been made to Directors in respect of personal pension schemes.

Notes To the Financial Statements (continued)

11. Taxation

11.1 Tax on finance income. The tax charge is made up as follows:

	2024	2023
Taxation Charge for the Period	2,176	299
	2,176	299

(Table 29: Taxation Charge)

11.2 Reconciliation of total tax charge:

11.2.1 The company does not undertake any trading activities. The only income subject to corporation tax is finance income.

	2024	2023
Finance Income	11,509	1,573
	11,509	1,573

(Table 30: Finance Income)

11.2.2 Tax charge is calculated at UK corporation tax rate of 19% (2023 19%)

Notes To the Financial Statements (continued)

12. Property, Plant and Equipment

	Land and Property (Freehold) £	Office Equipment £	Motor Vehicle £	Total £
Cost or valuation				
At 1 April 2022	600,000	164,048	4,490	768,538
Additions	-	11,337	-	11,337
Disposals	-	(9,393)	-	(9,393)
At 31 March 2023	600,000	165,992	4,490	770,482
Additions	-	2,712	-	2,712
Disposals	-	(11,057)	-	(11,057)
At 31 March 2024	600,000	157,647	4,490	762,137
Depreciation				
At 1 April 2022	25,556	81,529	3,080	110,165
Charge for the year	25,556	19,650	315	45,521
Released on Disposals	-	(7,194)	-	(7,194)
At 31 March 2023	51,112	93,985	3,395	148,492
Charge for the year	25,556	16,731	245	42,532
Released on Revaluation	(76,668)	-	-	(76,668)
Released on Disposals	-	(10,486)	-	(10,486)
At 31 March 2024	-	100,230	3,640	103,870
Net Book Value at 31 March 2024	600,000	57,417	850	658,267
Net Book Value at 31 March 2023	548,888	72,007	1,095	621,990

(Table 31: Property, Plant and Equipment)

- 12.1 An independent market valuation of the building was carried out as at 31 March 2024 at a value of £600,000. This was on a freehold vacant possession basis by RJ Chartered Surveyors, assuming a marketing period of two years. Had the building been carried under the cost model, the carrying amount recognised at 31 March 2024 would have been £533,872. (2023 £560,752).
- 12.2 An impairment review of the property, plant and equipment has been carried out and did not reveal any necessity to book an impairment charge or change the depreciation rates currently in use.
- 12.3 **Intangible Assets** – In accordance with the accounting policy, intangible assets are written off in full in the year. No additions were made in the year (2023 £10,145).

Notes To the Financial Statements (continued)

13. Right of Use Assets

	Land and Property (Freehold) £	Motor Vehicle £	Total £
Cost or Valuation			
At 1 April 2022	317,745	32,649	350,394
Valuation Adjustment	(7,792)	(352)	(8,144)
At 31 March 2023	309,953	32,297	342,250
Disposal	-	(21,987)	(21,987)
Valuation Adjustment	18,292	-	18,292
At 31 March 2024	328,245	10,310	338,555
Depreciation			
At 1 April 2022	103,917	25,248	129,165
Charge for the Year	40,898	7,049	47,947
At 31 March 2023	144,815	32,297	177,112
Charge for the Year	41,031	-	41,031
Released on Disposal	-	(21,987)	(21,987)
At 31 March 2024	185,846	10,310	196,156
Net Book Value at 31 March 2024	142,399	-	142,399
Net Book Value at 31 March 2023	165,138	-	165,138

(Table 32: Right of Use Assets)

13.1 HCC leases property and vehicles. These assets are leased to match the inherent nature of its income.

14. Trade and Other Receivables

	2024 £	2023 £
Receivables	31,092	1,092
Outstanding Levy Income	259,824	297,197
Other Debtors	-	63,253
Prepayments and Accrued Income	431,980	1,627,439
Amount due from Group Company (Note 24)	17,432	33,022
Total	740,328	2,022,003

(Table 33: Trade and Other Receivables)

14.1 The Directors consider that the book value approximates to their fair value.

14.2 The average credit period taken is 31 days (2023 45 days).

Notes To the Financial Statements (continued)

- 14.3 Allowance has been made for estimated irrecoverable amounts of outstanding levy income of £nil (2023 nil). This amount has been arrived at following a review of the payment history of individual debtors at the balance sheet date, and represents provisions against the relevant carrying amounts. An analysis of the movement on the allowance is set out below:

	2024 £	2023 £
At 1 April	-	16,667
Debt Written Off	-	-
Recovered	-	(16,667)
Additional Allowance	-	-
At 31 March	-	-

(Table 34: Bad Debt Provision)

- 14.4 The Directors are satisfied that the credit quality of the remaining debtors is fully recoverable.
- 14.5 The following table provides analysis of amounts receivable that were past due at 31 March 2024, but not impaired. The Company believes that the balances are ultimately recoverable based upon a review of past payment history.

	2024 £	2023 £
Up to 3 months old		
Receivables	5,606	-
Levy Income	42,527	24,675
Over 3 months old	-	10,000
Total	48,133	34,675

(Table 35: Aged Debt Analysis)

- 14.6 £48,133 has been received after the year end.
- 14.7 Included within prepayments and accrued income is £nil (2023 £1,168,399) relating to grant expenditure. Trade and other receivables include financial assets amounting to £290,916 (2023 £298,288) which are categorised as loans and receivables.
- 14.8 Financial risk management:
- 14.8.1 Credit Risk - The company's credit risk is principally attributable to its outstanding levy income balances. Due to levy being a statutory charge based on all animals slaughtered for the food chain, HCC is unable to assess the credit worthiness of processors prior to their commencement of trade. In order to reduce the risk, HCC follows detailed credit control procedures.
- 14.8.2 Liquidity Risk - The company closely monitors its cash balances to outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the company as they fall due.
- 14.8.3 Capital Risk - The company is not able to set income, but instead budgets are set by the Board each year for planned expenditure, which are then in turn monitored. Any surplus is taken to reserves.

Notes To the Financial Statements (continued)

15. Trade and Other Payables

	2024 £	2023 Restated £
Amounts falling due within one year		
Trade Payables	249,922	605,325
Other Payables	44,925	36,384
Accruals and Deferred Income	331,367	519,590
Other Taxation and Social Security	82,462	42,329
Total	708,676	1,203,628

(Table 36: Trade and Other Payables)

15.1 Trade and other payables include financial liabilities amounting to £626,214 (2023 £851,921) which are categorised as other financial liabilities at amortised cost.

15.2 Comparative figures have been restated to disclose both trade and other payables separately.

16. Right of Use Lease Liabilities

	2024 £	2023 £
At 1 April	206,087	243,433
Valuation Adjustment	18,292	(8,144)
Restatement	4,351	3,712
Repayments	(47,572)	(48,982)
Finance Charges	14,247	16,068
Total	195,405	206,087

(Table 37: Right of Use Lease Liabilities)

16.1 The restatement arises due to clarification of the length the lease for one of the properties. This has no material effect on the asset value.

16.2 The lease liabilities fall due as follows:

	2024 £	2023 £
In one year or less	28,756	29,489
Between two and five years	115,607	100,597
In five years or more	51,042	76,001
Total	195,405	206,087

(Table 38: Right of Use Lease Liabilities)

17. Share Capital

17.1 The company is limited by guarantee and does not have any share capital. The liability of the member is limited to £100.

Notes To the Financial Statements (continued)

18. Reserves

	Income and Expenditure Account £	Pension Reserve £	Total £
Balance at 1 April 2022	1,129,926	711,000	1,840,926
(Deficit) from the income and expenditure account	(150,087)	-	(150,087)
Transfer (to)/from Income & Expenditure Account	321,000	(321,000)	-
Balance at 31 March 2023	1,300,839	390,000	1,690,839
(Deficit) from the income and expenditure account	(437,871)	-	(437,871)
Transfer (to)/from Income & Expenditure Account	200,000	(200,000)	-
Balance at 31 March 2024	1,062,968	190,000	1,252,968

(Table 39: Statement of Changes in Reserves)

18.1 Reserves are held to cover future activities of the company, including unforeseen circumstances.

19. Operating Lease Arrangements

19.1 Non-cancellable operating lease commitments:

19.2 At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
In one year or less	3,447	4,512
Between two and five years	4,213	10,228
Total	7,660	14,740

(Table 40: Operating Lease Arrangements)

19.3 The principal items leased are office equipment.

19.4 These leases are treated as operating leases and are not recognised in the company balance sheet due to their being of low value as defined in the accounting policy. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

20. Capital Commitments

20.1 At the 31 March 2024 capital expenditure approved and committed amounted to £nil (2023 £nil).

Notes To the Financial Statements (continued)

21. Post Balance Sheet Events

- 21.1 The budget position for 2024-25 will be impacted by HCC VAT status changing from 1 April 2024, with HMRC deeming levy income outside the scope of VAT. The change impacts HCC financially, as it can no longer recover a significant proportion of VAT incurred on its costs, and reducing expenditure budget in real terms (£400k).
- 21.2 Subsequent to the year-end, the Chief Executive Officer resigned following a period of absence. After the resignation, a disciplinary hearing was held, the Board concluded that had the individual not resigned they would have been dismissed. The company has assessed this event and does not expect any material impact on its financial position or operations. Appropriate transitional arrangements have been implemented, and a recruitment process is underway to appoint a new Chief Executive Officer.

22. Contingent Liabilities

- 22.1 The company is aware of a contingent liability amounting to £190,000 (2023 £390,000). The contingent liability arises from the provisions of s75 Pension Act 1995 and is based on the latest information available being as at 31 March 2024. No subsequent valuations have been prepared by the pension company.
- 22.2 HCC is a participating employer in the Meat and Livestock Commission Pension Scheme for certain of its employees and ex-employees. A liability may arise to pay a proportion of any scheme s75 deficit if the Principal Employer of the Scheme winds up this scheme. An estimate of this liability has been calculated as at 31 March 2024 and amounts to £190,000.
- 22.3 International Accounting Standard 37 sets out the accounting treatment for provisions and contingencies. In particular, the standard sets out three requirements for a liability to be recorded as a provision and therefore stated in the company's balance sheet. It is recognised that HCC has a future obligation to satisfy this debt, which arises from in the past having staff who while employed by HCC accrued benefits in the Scheme. That obligation may require an outflow of resources when the liability crystallises. However, the third requirement is that a reliable estimate is required and in the Directors opinion this requirement is not fulfilled.
- 22.4 The estimate as at March 2024 amounted to £190,000. Estimates for the 4 years prior to these ranged between £390,000 and £711,000. From further advice received it would appear that such fluctuations could arise year on year. In the Directors opinion this does not provide a reliable estimate.
- 22.5 On that basis the potential liability is disclosed as a contingent liability and not a provision.

23. Related Party Transactions

- 23.1 Throughout the year to 31 March 2024, the Welsh Government was the sole member of the company and the ultimate controlling party.
- 23.2 The company received funding through the Rural Development Plan for Wales 2014-2020 managed by the Welsh Government of which £2,144,130 (2023 £2,640,247) was receivable in the year. At the year-end £nil (2023 £1,168,398) was outstanding relating to grant expenditure not yet refunded.
- 23.3 Due to delays in the payment of claims during the projects term, the Welsh Government have set up a facility for HCC to draw funds when required. The facility was for £1m until the 31 March 2024. During the year £850,000 was drawn down and fully repaid in the year.
- 23.4 Direct funding amounting to £nil (2023 £83,630) was also receivable from the Welsh Government for export promotion. £nil (2023 £83,630) was outstanding at the year-end.
- 23.5 Transactions and balances with the company's subsidiary undertaking, EIDCYMRU, are separately disclosed in Note 24.

Notes To the Financial Statements (continued)

23.6 Owing to the nature of the organisation's operations and the composition of the Board being drawn from industry and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the board may have an interest are conducted at arm's length and in accordance with the organisation's normal procurement procedures. A register of Interests which records any business interest, financial or otherwise which may be perceived as being likely to interfere with the exercise of a member's independent judgement, is maintained by the organisation. There have been no write offs in respect of related party transactions.

23.7 The following related party transactions took place in the year:

Board Member	Position Held	Organisation	Sales Transactions		Purchase Transactions	
			In Year	YE O/S Balance	In Year	YE O/S Balance
RE Roberts	Director	Farmers Marts Cyf	£635	-	-	-
DP Morgan	Director	Kepak Group Limited	£24,885	-	£1,132,425	£58,526
CM Smith	Chair	National Farmers Union	£360	-	-	-
GW Davies	Director	National Farmers Union	£360			
JT Davies	Director	National Farmers Union	£360			
HH Evans	Director	National Farmers Union	£360	-	-	-
JT Davies	Director	Royal Welsh Agricultural Society	£18,129	-	-	-

(Table 41: Related Party Transactions)

24. Subsidiary Undertaking

24.1 The company is the sole member, by way of guarantee, of EIDCYMRU, a company limited by guarantee whose principal place of business is Parc Merlin, Aberystwyth. The company is registered in Wales. Its principal activity is as a bureau for the electronic recording of sheep movements in Wales. EIDCYMRU is wholly funded by Welsh Government, such funds being provided on a defrayed basis.

24.2 During the year, HCC recharged costs relating to the activities of EIDCYMRU amounting to £73,524 (2023 £82,138). At the year-end £17,432 (2023 £33,022) is outstanding.

25. Pension Schemes

25.1 Hybu Cig Cymru Group Personal Pension Plan

25.1.1 The company made contributions to individual personal pension plans for some of its employees. Contributions are charged to the statement of comprehensive income as incurred and amounted to £154,869 (2023 £77,420). Contributions amounting to £21,103 (2023 £9,712) were outstanding at the year-end.

25.2 Meat and Livestock Commission Pension Scheme

25.2.1 During the year to 31 March 2022 the company also made contributions to a defined benefit pension scheme which is operated by the Agriculture and Horticulture Development Board. The scheme closed to future accrual with effect from 31 March 2022 and the members are now deferred.

25.2.2 Information regarding the split of the scheme's assets between the participating employers is not available. The company is therefore unable to account for the plan as a defined benefit plan and is accounted for as if it were a defined contribution plan.

25.2.3 Further information in respect of a liability that may arise when the company ceases to employ anyone within this scheme can be found in note 22.

Detailed Income and Expenditure Account – not subject to audit

	2024 £	2023 Restated £
Income		
Levy		
Cattle	1,009,288	869,209
Sheep	2,091,233	2,100,244
Pigs	30,111	32,027
	3,130,632	3,001,480
Levy Repatriation		
Cattle	690,256	755,555
Sheep	554,315	658,608
Pigs	96,276	90,316
	1,340,847	1,504,479
Cattle/Pig Levy paid to GB Levy Bodies	(338,284)	(314,877)
	1,002,563	1,189,602
UK Levy Bodies Ring Fenced Funds	-	79,270
Levy Income	4,133,195	4,270,352
Other Income		
Services	16,600	18,071
WG Export Grant	-	83,630
WG RMDP Grant	975,731	2,724,489
Arfor Challenge Fund	839	-
Interest Received	11,509	1,573
Total Income	5,137,874	7,098,115
Direct Expenditure		
Sustainability – Brand Enforcement	179,575	129,123
Sustainability – Market Intelligence	244,158	365,161
Sustainability – R&D	216,659	130,485
Strategic Marketing - Consumer Brand Marketing	754,574	863,610
Strategic Marketing – Trade Brand Marketing	248,901	252,743
Strategic Marketing – Retail Promotions	92,349	54,135
Strategic Marketing – Health & Education Programme	99,392	46,930
Strategic Marketing – Market Access	91,500	22,000
Strategic Marketing – Corporate Communications	266,347	321,061
Supply Chain – International Trade Developments	664,468	755,878
Supply Chain – WG Export Grant	-	83,630
Supply Chain – UK Retail & FS Trade Development	187,438	103,194
Supply Chain – Knowledge Transfer	125,990	94,530
WG BQ Grant	-	2,660

WG RMDP Grant	985,076	2,716,947
Arfor Challenge Fund	839	-
	4,157,267	5,942,088
Corporate Costs		
External and Internal Audit Costs	46,759	34,688
Bad Debts (Recovered)/Written Off	-	(16,667)
Bank Charges	1,876	21,704
Collection Charges	43,165	43,440
Depreciation	41,989	56,218
Depreciation: RoU Assets	41,031	47,947
Directors' Fees and Costs	93,836	65,596
Equipment Hire	5,364	5,475
Finance Costs: RoU Leases	18,598	19,780
Insurance	33,220	31,403
IT Support	68,363	70,287
Light & Heat	32,025	21,007
Printing, Postage & Stationery	4,703	3,933
Professional Services	350,103	159,607
Repairs and Maintenance	27,223	22,613
Rent and Rates	24,379	24,210
Staff Costs	627,338	699,300
Sundry Expenses	29,064	25,263
Telephone	16,456	16,381
Overheads Recovered	(12,507)	(46,820)
Total Corporate Costs	1,492,970	1,305,815
Total Expenditure	5,959,615	7,247,903
Excess of Expenditure over Income	(512,363)	(149,788)
Income	5,137,874	7,098,115
Expenditure	5,650,237	7,247,903
Excess of Expenditure over Income	(512,363)	(149,788)

(Table 42: Detailed Income and Expenditure Account)

The comparative breakdown has been restated to disclose total expenditure in line with the new activity areas of the organisation.

This page does not form part of the statutory accounts.

